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Objection Date and Time: July 10, 2015, at 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	:	Chapter 11
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	Case No. 08-13555 (SCC)
	:	
Debtors.	:	(Jointly Administered)
	:	

**OPPOSITION OF HIGHLAND CDO OPPORTUNITY MASTER FUND, L.P.
TO MOTION PURSUANT TO SECTIONS 8.4, 9.3, AND 14.1 OF THE
MODIFIED THIRD AMENDED JOINT CHAPTER 11 PLAN OF
LEHMAN BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS
TO ESTIMATE CLAIMS FOR RESERVE AND DISTRIBUTION PURPOSES**

TO THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE:

Highland CDO Opportunity Master Fund, L.P. ("Highland"), by and through its counsel,
Cole Schotz P.C., hereby files this opposition ("Opposition") to the motion pursuant to Section
8.4, 9.3, and 14.1 of the Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc.

(“LBHI”) and its affiliated debtors to estimate claims for reserve and distribution purposes [Docket No. 49954] (the “Estimation Motion”), and respectfully states as follows:

I.
INTRODUCTION

1. Premised on a stark and egregious lack of candor with the Court, the Estimation Motion improperly seeks to estimate the Highland/LBHI Claim (as defined below) for reserve and distribution purposes at zero. In the Estimation Motion, LBHI mistakenly contends that:

(a) the Highland/LBHI Claim will be paid in full from Lehman Brothers International (Europe) (“LBIE”);

(b) the Plan (as defined below) and applicable case law authorize estimation of the Highland/LBHI Claim, which is based on a guarantee by LBHI of LBIE’s liabilities and obligations; and

(c) estimation of the Highland/LBHI Claim is necessary to avoid undue delay in the administration of these cases.

2. As set forth in greater detail below, LBHI’s contrived and broad-brush arguments completely miss the mark with respect to the Highland/LBHI Claim. First and foremost, Highland will not be made whole from the LBIE insolvency estate on account of the Highland/LBHI Claim – a fact known to LBHI since the fall of 2014. Therefore, LBHI’s first reason for estimation of the Highland/LBHI Claim is flawed.¹

3. Next, the Highland/LBHI Claim is not contingent or unliquidated. Rather, due to LBIE’s default under the GMRA (as defined below), LBHI’s obligation to Highland under the

¹ Moreover, because Highland will not be paid in full on account of the Highland/LBHI Claim from LBIE, LBHI’s hyperbolic concerns about a duplicate recovery or adequate assurance of the ability to disgorge funds by Highland do not apply to the Highland/LBHI Claim.

LBHI Guaranty (as defined below) has ripened fully. Additionally, as reflected in the claims register maintained by LBHI's claims agent (Epiq Systems), Highland currently asserts a claim in the liquidated amount of \$5,011,075.11. Therefore, estimation of the Highland/LBHI Claim pursuant to Section 502(c) of the Bankruptcy Code is wholly inappropriate under the correct legal authority, including this Court's decision in In re LightSquared Inc. et al., 2014 WL 5488413 (Bankr. S.D.N.Y. 2014), which LBHI fails to cite. Thus, LBHI's second reason for estimation of the Highland/LBHI Claim similarly lacks merit.

4. Furthermore, administration of these cases will not be unduly delayed if the Highland/LBHI Claim is not estimated but, rather, is subjected to an appropriate claims adjudication process (including discovery and an evidentiary hearing). As reported to the Court in connection with the "State of the Estate" hearing on June 9, 2015, LBHI has made substantial progress in the administration of these cases, including with respect to the claims process and distribution to creditors. See Lehman Brothers Holding Inc., et al. Plan Administration Update, Docket No. 49950. Indeed, only 2,400 claims remain unresolved as a result of LBHI's efforts. Id. at p. 3. Moreover, since that hearing, LBHI has filed several more claims objections to move the case forward. See, e.g., Docket Nos. 49999, 50000, 50014, and 50146. In any event, any delay in the adjudication of the Highland/LBHI Claim is of LBHI's own doing. The Highland/LBHI Claim was filed almost six years ago and LBHI conducted discovery with respect to the claim in 2013.² Highland has been asking for several years to have its day in court

² In January 2013, counsel for LBHI issued a subpoena *duces tecum*, pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure, demanding that Highland produce documents related to the Highland/LBHI Claim. On March 1, 2013, counsel for LBHI issued a subpoena *ad testificandum*, pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure, seeking an examination of the person at Highland with the most knowledge of the Highland/LBHI Claim. On August 20, 2013, LBHI deposed a Highland representative in Dallas, Texas.

with respect to the Highland/LBHI Claim, to no avail, see Docket Nos. 41089 and 49916, and now, LBHI has an additional 18 months to torture Highland if the Estimation Motion is disallowed, see Docket No. 50211. Simply put, LBHI's contrived "undue delay" does not, in fact, exist here. Therefore, LBHI's third reason for estimation of the Highland/LBHI Claim fails.

5. In sum, the Estimation Motion has no basis in fact or in law and should be denied summarily as to the Highland/LBHI Claim. To the extent LBHI disputes the extent and validity of the Highland/LBHI Claim, LBHI should follow the correct procedures by filing an objection to the Highland/LBHI Claim in accordance with the applicable provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and discharge its burden of proof.

II. BACKGROUND

6. On September 15, 2008 and at various times thereafter (collectively, the "Petition Dates"), LBHI and certain of its subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief pursuant to Chapter 11 of Title 11, United States Code (the "Bankruptcy Code"). On September 15, 2008 (the "Administration Date"), LBIE, a subsidiary of LBHI, was placed into administration in the United Kingdom.

7. On December 6, 2011, the Court entered an order [Docket No. 23023] confirming the *Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors* (the "Plan").

8. Before the Commencement Dates and Administration Date, Highland and LBIE entered into that certain Global Master Repurchase Agreement (2000 version) dated as of May 31, 2007, as amended and supplemented from time to time (the "GMRA"), pursuant to which LBIE sold certain securities to Highland, and simultaneously agreed to repurchase those securities at a later date and an agreed price.

9. All of LBIE's obligations, including those under the GMRA, were fully and unconditionally guaranteed by LBHI pursuant to that certain Unanimous Written Consent of the Executive Committee of the Board of Directors of Lehman Brothers Holdings Inc. dated as of June 9, 2005 (the "LBHI Guarantee"). The LBHI Guarantee provides, in relevant part, as follows:

WHEREAS, the Corporation [LBHI] wishes to clarify that its guarantee of any Guaranteed Subsidiary with respect to any given transaction is not contingent upon the issuance of a signed guarantee pertaining to such transaction,

RESOLVED, that the Corporation hereby fully guarantees the payment of all liabilities, obligations and commitments of the subsidiaries set forth on Schedule A hereto, each of which shall be a Guaranteed Subsidiary for purposes of the [Corporation's] Code [of Authorities].

10. Schedule A to the LBHI Guarantee lists LBIE as a Guaranteed Subsidiary.
11. On September 17, 2008, Highland issued a Default Notice declaring an Event of Default under Paragraphs 10(a)(vi) of the GMRA (the "Default Notice"). Pursuant to Paragraph 10(b) of the GMRA, the Default Notice declared September 15, 2008 as the Repurchase Date for all Transactions under the GMRA.
12. On September 26, 2008, Highland provided to LBIE its Default Valuation Notice Under Global Master Repurchase Agreement, as amended by that certain ****Amendment**** Default Valuation Notice Under Global Master Repurchase Agreement (collectively, the "Valuation Statement").
13. On or about December 11, 2008, Highland submitted a claim in the LBIE Administration in the amount of \$10,026,061.00 based on LBIE's breach of the GMRA (the "Highland/LBIE Claim").

14. On September 18, 2009, Highland filed a proof of claim in this bankruptcy case [Claim No. 16838] based upon the LBHI Guarantee in the amount of \$10,026,061.00 (the “Highland/LBHI Claim”). A true copy of the Highland/LBHI Claim is attached as **Exhibit 1**. The Highland/LBHI Claim contains copies of the GMRA, the Guarantee, the Default Notice, and the Valuation Statement as Exhibits A, B, C, and D, respectively.

15. On or about July 30, 2014, Highland and the LBIE (by and through its joint administrators) entered into a Claims Determination Deed (the “Claims Determination Deed”). Pursuant to the Claims Determination Deed, the parties settled their dispute regarding the Highland/LBIE Claim by the allowance thereof in an amount less than the amount asserted in the Valuation Notice and the Highland/LBIE Claim.

16. Thus, while certain of LBIE’s unsecured creditors may have received 100% on account of their claims against LBIE, see Estimation Motion, ¶¶ 12, 14, Highland will not be made whole by LBIE on account of the Highland/LBIE Claim. That is because pursuant to the Claims Determination Deed, other than the retention of what is known as a “Currency Conversion Claim” against LBIE, Highland will receive no further distributions from LBIE with respect to the Highland/LBIE Claim.

17. In the fall of 2014, Highland’s counsel advised LBHI’s counsel and claims’ agent of the resolution of the Highland/LBIE Claim pursuant to the Claims Determination Deed and the concomitant reduction of the Highland/LBHI Claim. As a result, the official claims register in this case now reflects the amount of the Highland/LBHI Claim as \$5,011,075.10.

III.
LEGAL ARGUMENT

The Estimation Motion Is Without Merit And Should Be Denied

18. Section 502(c) of the Bankruptcy Code governs the estimation of claims and provides, in relevant part as follows:

(c) There shall be estimated for purposes of allowance under this section -

(1) any contingent or unliquidated claim, the fixing or liquidation of which, as the case may be, would unduly delay the administration of the case...

11 U.S.C. § 502(c)(1) (emphasis supplied).

19. In support of its request for estimation of the Highland/LBHI Claim, LBHI relies on Sections 8.4 and 9.3 of the Plan. Those sections, however, confer no greater authority on this Court than Section 502(c) of the Bankruptcy Code. As acknowledged in the Estimation Motion, Section 9.3 of the Plan allows LBHI to request the estimation of a contingent, unliquidated, or Disputed Claim to the extent permitted by the Bankruptcy Code and Bankruptcy Rules. Section 8.4 of the Plan simply states that LBHI can reserve for Disputed Claims in “the amount determined ... by the Bankruptcy Court....” See Estimation Motion, ¶ 21 (emphasis supplied).

20. LBHI also relies on Section 105(a) of the Bankruptcy Code to support the request for estimation. That statute, however, is unavailing here. It is well established that Section 105(a) “cannot trump specific provisions of the Bankruptcy Code, but must instead be exercised within the parameters of the Code itself.” Schwartz v. Aquatic Dev. Grp., Inc. (In re Aquatic Dev. Grp., Inc.), 352 F.3d 671, 680 (2d Cir. 2003); see also Law v. Siegel, 134 S.Ct. 1188, 1194 (2014) (“We have long held that whatever equitable powers remain in the bankruptcy courts must and can only be exercised within the confines of the Bankruptcy Code”) (internal quotes omitted); In re Headlee Mgmt. Corp., 519 B.R. 452, 459 (Bankr. S.D.N.Y. 2014) (“Nor can the

court use § 105(a) to fashion a remedy where the Bankruptcy Code provides one”); In re Schuessler, 386 B.R. 458, 492 (Bankr. S.D.N.Y. 2008). Therefore, LBHI’s attempt to rely on Section 105(a) to support estimation of the Highland/LBHI Claim, where the request otherwise is unavailable under Section 502(c), also must fail.

21. LBHI next argues that in addition to the referenced Plan sections and Section 105(a) of the Bankruptcy Code, the estimation request is appropriate with respect to the Highland/LBHI Claim because this Court already has used the procedures of Section 502(c) to estimate other Disputed Claims filed against LBHI and because “[o]ther courts have also recognized the ability to estimate disputed claims.” See Estimation Motion, ¶ 22. LBHI then cites the following cases in support of this generic proposition: In re Enron Corp., No. 01-16034, 2006 WL 544463, at *13-15 (Bankr. Jan. 17, 2006); JP Morgan Chase Bank v. U.S. Nat’l Bank Ass’n. (In re Oakwood Homes Corp.), 329 B.R. 19, 22 (D.Del. 2005); In re Wallace’s Bookstores, Inc., 317 B.R. 720, 724 (Bankr. E.D. Ky. 2004); In re Adelphia Bus. Solutions, Inc., 341 B.R. 415, 422- 423 (Bankr. S.D.N.Y. 2003). Id.

22. These cases, however, are inapposite and do not warrant granting the Estimation Motion. In Enron, the request to estimate was made solely to establish an amount to maintain as a reserve for a claim that already had been disallowed. The issue was whether, because the disallowance order was on appeal, the subject claim should be estimated at zero or something more for reserve purposes. The request to estimate was not made for claim allowance purposes, as LBHI seeks to do here. Moreover, the claim at issue was not a guaranty claim that had ripened because of the primary obligor’s default to the creditor.

23. In Oakwood Homes, the Delaware District Court had to decide whether the bankruptcy court erred in establishing a cash reserve of zero for a disallowed claim whose holder

appealed the decision. The District Court held that the Bankruptcy Court's decision was not erroneous. Strikingly, the District Court's decision does not discuss estimation of the subject claim under Section 502(c) of the Bankruptcy Code. Therefore, Oakwood Homes is inapplicable.

24. Wallace's Bookstore also is futile. There, the Bankruptcy Court for the Eastern District of Kentucky found that the express terms of the estimation provision of the confirmed plan of liquidation either expanded Section 502(c) or otherwise barred the creditor's arguments in opposition to the estimation request. Therefore, the Bankruptcy Court allowed estimation of a claim for distribution purposes. As set forth above, the provisions of the Plan that authorize LBHI to request estimation of claims do not expand the scope of Section 502(c). Therefore, LBHI's reliance on Wallace's Bookstore is misplaced.

25. Finally, Adelphia (also known as ABIZ) altogether contravenes LBHI's arguments. In ABIZ, Judge Gerber expressly found that while estimation is appropriate for plan feasibility purposes, it is not a proper tool for claims allowance purposes. Adelphia, 341 B.R. at 423. Judge Gerber cited with approval the significant due process concerns raised by Judge Leif Clark, "one of the country's most respected bankruptcy judges," in the MacDonald case, when addressing a request to estimate claims for allowance. Id. at 423-424. Specifically, Judge Clark said:

The better rule seems to be that estimation primarily serves to assist the court and parties in interest in evaluating the feasibility of a given plan under Section 1129(a)(11). In addition, the estimation process may fulfill the allowance requirement for purposes of Section 1129(a)(9), but will not ... set the "outer limits of a claimant's right to recover." Rather, the ultimate allowance of the claim will set that right.

MacDonald, 128 B.R. at 167-68 (cited in ABIZ, 341 B.R. at 423-424).

26. In ABIZ, Judge Gerber also rejected the plan proponents' request to estimate the amount of the DIP financing claim, which was liquidated. ABIZ, 341 B.R. at 424. Although the plan proponents did not dispute the amount due on the DIP loan, they argued that their defenses to the repayment of the loan rendered the claim unliquidated. Id. In response, Judge Gerber said:

I cannot agree that at any time one disputes an otherwise liquidated claim, or asserts a counterclaim, that makes that claim unliquidated. When it is time to determine the allowance of the DIP claim, we'll have to do it in the normal way, which is by the litigation of a contested matter.

Id. (emphasis supplied). Therefore, because the DIP claim was in a liquidated amount, Judge Gerber refused to estimate it. Id. at 425.

27. In In re Chemtura Corp., et al., 448 B.R. 635, 649 n. 46 (Bankr. S.D.N.Y. 2011), Judge Gerber reiterated his grave concern about using estimation for claims allowance purposes:

Using estimation for claims allowance purposes, while permissible (and, indeed, expressly mentioned in section 502(c)(1)), can sometimes raise due process concerns, and for that reason, in ABIZ, I used estimation solely for purposes of gauging feasibility, and not for determining ultimate claims allowance. *See* 341 B.R. at 418; *MacDonald*, 128 B.R. at 164 (using estimation of administrative claim to determine feasibility, but not ultimate allowance).

28. LBHI's reliance on ABIZ to support estimation of the Highland/LBHI Claim is simply wrong. Indeed, application of ABIZ to the facts here requires a complete denial of the Estimation Motion as to the Highland/LBHI Claim and the filing of a formal objection to the Highland/LBHI Claim to commence a contested matter.

29. To support LBHI's specific argument that the Highland/LBHI Claim should be estimated at zero dollars for reserve and distribution purposes, LBHI relies on a 1998 Chapter 7

case from the Bankruptcy Court in South Dakota, In re Teigen, 228 B.R. 720 (Bankr. D. S.D. 1998). In Teigen, the court found that the subject claims – one based on a guarantee and one based on an indemnification – were unliquidated and, therefore, subject to estimation under Section 502(c). Id. at 723. The court reasoned that, although specific repayment amounts have been approved pursuant to the primary obligor’s confirmed plan of reorganization, the amounts that actually will be paid to the creditors were unknown. Id. Therefore, the amount of the claims at issue were not liquidated. As discussed below, this Court has rejected the application of Teigen to facts similar to the case *sub judice*.

30. LBHI also relies on Enron, which as set forth above is inapplicable here, and on In re Genesis Health Ventures, Inc., 272 B.R. 558 (Bankr. D. Del. 2002), *aff’d* 112 Fed. Appx. 140 (3d Cir. 2004), which provides no guidance here. In Genesis Health, it appears the debtors sought to estimate a certain proof of claim at zero by way of motion for summary judgment. Id. at 560. The claim was based on an allegation that the debtors, as pharmaceutical providers, defrauded the Medicaid program by not crediting Medicaid for pharmaceuticals ordered for Medicaid patients and returned to the debtors for resale. Id. Neither the Bankruptcy Court’s nor the Third Circuit’s opinions dealt with estimation under Section 502(c). Accordingly, Genesis Health is irrelevant to the Estimation Motion.

31. Most glaringly, the request to estimate the Highland/LBHI Claim is squarely at odds with this Court’s decision in In re LightSquared Inc. et al., 2014 WL 5488413 (Bankr. S.D.N.Y. 2014) and other actually applicable case law, which inexplicably and unacceptably, LBHI failed to bring to the attention of this Court or the claimants whose claims LBHI seeks to estimate.

32. In LightSquared, this Court was asked to expunge a guaranty claim or, in the alternative, to estimate that claim at zero for purposes of allowance. Id. at *1. There, certain lenders (the “LP Lenders”) provided a term loan to LightSquared LP (the “Borrower”) in the total principal amount of \$1.5 billion (the “Term Loan”). Id. The Term Loan was guaranteed by specified parent guarantors and subsidiary guarantors (collectively, the “Guarantors”). Id. The commencement of the Chapter 11 cases triggered an Event of Default under the loan documents. Id. at *2. Two plans of reorganization were filed, but the so-called “LP Only Plan” was withdrawn. Id. Harbinger Capital Partners LLC (“Harbinger”) was the sponsor of the so-called “Inc. Plan.” Id. Confirmation of the “Inc. Plan” was conditioned on the expungement or estimation at zero of the LP Lenders’ claim against the Guarantors (the “Guaranty Claim”). Id. The Inc. Plan provided that the estimated amount of a claim that has not yet been allowed shall constitute either the allowed amount of such claim or the maximum limitation on such claim. Id.

33. In support of its motion to estimate the Guaranty Claim at zero, Harbinger argued that the LP Lenders will be paid in full under the Inc. Plan by virtue of the proposed surrender of certain equity interests to the LP Lenders, the value of which Harbinger contended exceeded the amount of the LP Lenders’ secured claim. Id. In turn, Harbinger argued, once the LP Lenders are paid in full, the Guaranty Claim would be discharged. Id.

34. As a threshold matter, quoting Judge Gerber in In re Adelphia Commc’ns Corp., 368 B.R. 140, 278 (Bankr. S.D.N.Y. 2007), this Court noted that, “when estimating claims, bankruptcy courts may use whatever method is best suited to the contingencies of the case, so long as the procedure is consistent with the fundamental policy of Chapter 11 that a reorganization ‘must be accomplished quickly and efficiently.’” Id. at *3. This Court cautioned, however, that estimation is not appropriate unless the “gating requirements” for estimation are

satisfied, *to wit*, the subject claim must be contingent or unliquidated and the delay associated with the fixing or liquidation of such claim would be “undue.” *Id.* (quoting In re Dow Corning Corp., 211 B.R. 545, 562-63 (Bankr. E.D. Mich. 1997)).

35. In LightSquared, this Court flatly rejected Harbinger’s argument that the Guaranty Claim was contingent. *Id.* This Court explained that although the Bankruptcy Code does not define the term “contingent” for purposes of Section 502(c), courts uniformly hold that “a claim is contingent as to liability if the debtor’s legal duty to pay does not come into existence until triggered by the occurrence of a future event” and the “occurrence or happening of [such] extrinsic event ... will trigger ... liability.” *Id.* (quoting Mazzeo v. U.S. (In re Mazzeo), 131 F. 3d 295, 303 (2nd Cir. 1997)). When the principal obligor defaults on the underlying obligation, the guarantor’s obligation becomes fixed and no longer contingent “because all predicates to enforcement have occurred.” *Id.* (citing In re Rhead, 179 B.R. 169, 172 (Bankr. D. Ariz. 1994) (stating that, “but for the bankruptcy, SKW could seek a judgment against the Rheads for the full amount guaranteed, without the occurrence of any future event”); In re F.B.F. Indus., Inc., 165 B.R. 544, 548-49 (Bankr. E.D. Penn. 1994) (“[t]he law is clear that a guaranty or surety claim is not contingent after a default by the primary obligor has occurred.”)).

36. Thus, this Court found that because the Term Loan is “now indisputably due and payable,” and remains extant, the Guarantors’ liability to pay the Term Loan “is no longer contingent upon any future event.” *Id.* Indeed, if the Guarantors were not in bankruptcy, the LP Lenders could demand payment in full, in cash, from them. *Id.*

37. This Court also rejected Harbinger’s argument that the Borrower’s potential ability to satisfy the claim rendered the Guaranty Claim contingent. *Id.* at *4. In doing so, the Court relied on Rhead and F.B.F. and rejected Harbinger’s reliance on case law in which the

guarantees had not yet been triggered. Id. In Rhead, the debtors sought to estimate a guarantee claim. Rhead, 179 B.R. at 172. They argued that because the principal's obligation is secured by real property, the agreed value of which exceeds the amount of the debt, the creditor's guarantee claim should be estimated at zero because it will be paid in full from the real property. Id. The court disagreed, stating that "[a]dmittedly, it is possible, perhaps even probable, that the obligation due under the guarantee will be paid from another source. However, that fact alone does not make the debt either unliquidated nor contingent." Id. Similarly, in F.B.F., the court stated that, in estimating a guarantee claim of secured creditor, the court will not look to the collateral or the financial resources of other obligors. F.B.F., 165 B.R. at 552.

38. Similarly, here, LBIE's default under the GMRA triggered LBHI's obligation under the LBHI Guarantee. Therefore, as LightSquared and the other cases cited herein teach, the Highland/LBHI Claim is not contingent. The cases on which LBHI relies in the Estimation Motion to argue that the Highland/LBHI Claim is contingent are of no moment and should be rejected by the Court.

39. In LightSquared, this Court also found that the Guarantee Claim was not unliquidated. Harbinger contended that the likelihood that the LP Lenders will be repaid in full under the Inc. Plan rendered the Guarantee Claim unliquidated. LightSquared, 2014 WL 5488413 at *5. This Court flatly rejected Harbinger's reliance on New York law and Teigen, *supra*, to support this argument. First, Harbinger argued that under New York law, the value of any consideration paid on account of a debt by one obligor must be credited to a co-obligator. Id. Therefore, the Guarantee Claims must be reduced by the value the LP Lenders receive under the Inc. Plan. Id. However, because the amount of the value to be distributed under the Inc. Plan remains to be seen, the amount of the reduction of the Guarantee Claim is not yet known. Id.

Consequently, the Guarantee Claim is unliquidated. Id. Harbinger relied on Teigen to buttress this argument. Id.

40. Noting the non-binding nature of Teigen, this Court also found that case unpersuasive and distinguishable because of the absence of a confirmed plan from which a concrete source of payments would reduce the Guarantee Claim. Id. Furthermore, this Court noted that:

... Harbinger's circular argument that payment through surrender of the collateral creates a contingency that renders the Guaranty Claim unliquidated confuses and conflates the principles of "contingent" and "unliquidated." The Court has found that the Guaranty Claim is not contingent, as there is no future event that must occur to trigger the Guarantor's obligation to pay the LP Debt. Further ... there is no dispute regarding the amount and enforceability of the Guaranty Claim that renders such non-contingent claim unliquidated. Courts have held that "where the claim is determinable by reference to an agreement or by a simple computation" and where "the value of a claim is easily ascertainable," the claim is generally viewed as liquidated.

Id. at *5 (internal citations omitted).

41. Here, the Highland/LBHI Claim is liquidated. It was originally filed in a liquidated amount; it has since been reduced to the liquidated amount of \$5,011,075.11 as a result of Highland's entry into the Claims Determination Deed with LBIE. The value of the Highland/LBHI Claim can be ascertained by computation. See, e.g., LightSquared, 2014 WL 5488413 at *5. Simply because LBHI disputes the amount or the validity of the claim does not transform the Highland/LBHI Claim into an unliquidated claim. See, e.g., ABIZ, 341 B.R. at 424. Therefore, estimation is not appropriate with respect to the Highland/LBHI Claim.

42. Lastly, in LightSquared, this Court rejected Harbinger's "bootstrap reasoning" in the "undue delay analysis." There, Harbinger argued that estimation will assist to "avoid future gamesmanship and provide clarity to the parties that will ease the path to exit." LightSquared,

2014 WL 5488413 at *5. As this Court aptly noted, however, the purported delay is, in fact, the inability to confirm the Inc. Plan without the expungement or estimation at zero of the Guaranty Claim. Id. Therefore,

[w]hile the Court recognizes and shares the desire of all parties in interest to bring these cases to a successful conclusion as soon as possible, it declines to consider the failure to meet the parties' self-imposed deadlines and conditions to confirmation of the Plan as an appropriate factor to be considered in an undue delay analysis. Delay, undue or otherwise, is not a justification for ignoring applicable law or undermining the settled expectations of parties who transact every day in reliance on the belief, for example, that credit documents such as guarantees mean what they say.

LightSquared, 2014 WL 5488413 at *5.

43. As in LightSquared, LBHI here has designed its own claims objection timeline. The Highland/LBHI Claim was filed almost six years ago. The Plan was confirmed more than four years ago. Discovery with respect to the Highland/LBHI Claim was conducted two years ago. Yet, LBHI did nothing to advance the ball with respect to the adjudication of the Highland/LBHI Claim until the filing of the Estimation Motion. Moreover, LBHI has obtained another 18 month extension of time – until March 2017 – within which to file requests for estimation or objections to claims. While this Court has noted that LBHI can address disputed claims in the method and timeframe it chooses, surely the Court cannot allow LBHI to use its own deferral in the evaluation of the Highland/LBHI Claim to argue now that estimation of that claim will avoid undue delay to other creditors. Such transparently self-serving argument was not accepted by this Court in LightSquared, is not the kind of circumstances the “undue” delay consideration is intended to redress, see, e.g., In re Lionel L.L.C., et al., 2007 WL 2261539 (Bankr. S.D.N.Y. 2007), and should be rejected here.

IV.
CONCLUSION

WHEREFORE, for all the arguments and authorities set forth herein, Highland respectfully requests that the Court deny the Estimation Motion and grant Highland such other relief as the Court deems just and appropriate under the circumstances, including, but not limited to, requiring LBHI to promptly commence a contested matter with respect to the Highland/LBHI Claim.

Dated: New York, New York
July 10, 2015

Respectfully submitted,

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EXHIBIT 1

ORIGINAL

United States Bankruptcy Court/Southern District of New York Lehman Brothers Holdings Claims Processing Center c/o Epig Bankruptcy Solutions, LLC FDR Station, P.O. Box 5076 New York, NY 10150-5076		PROOF OF CLAIM	
In Re: Lehman Brothers Holdings Inc., et al. Debtors.	Chapter 11 Case No. 08-13555 (JMP) (Jointly Administered)	UNIQUE IDENTIFICATION NUMBER:	
Name of Debtor Against Which Claim is Held Lehman Brothers Holdings Inc.	Case No. of Debtor 08-13555	THIS SPACE IS FOR COURT USE ONLY	
<small>NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense must be filed pursuant to 11 U.S.C. § 503. Additionally, this form should not be used to make a claim for Lehman Programs Securities (See definition on reverse side.)</small>			
Name and address of Creditor: (and name and address where notices should be sent if different from Creditor) <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> Highland CDO Opportunity Master Fund, L.P. Haynes and Boone, LLP 13455 Noel Road, Suite 800 Dallas, TX 75240 (972) 628-4100 </div> <div style="width: 45%;"> Scott Everett 2323 Victory Ave., Suite 700 Dallas, TX 75219 (214) 651-5000 scott.everett@haynesboone.com </div> </div>			
Telephone number:	Email Address:	<input type="checkbox"/> Check this box to indicate that this claim supersedes a previously filed claim. Court Claim Number: (if known) Filed on:	<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Name and address where payment should be sent (if different from above) Telephone number:		Email Address:	
1. Amount of Claim as of Date Case Filed: <u>\$ 10,026,061.00</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. If all or part of your claim qualifies as an Administrative Expense under 11 U.S.C. § 503(b)(9), complete item 6. <input type="checkbox"/> Check this box if all or part of your claim is based on a Derivative Contract.* <input checked="" type="checkbox"/> Check this box if all or part of your claim is based on a Guarantee.* *IF YOUR CLAIM IS BASED ON AMOUNTS OWED PURSUANT TO EITHER A DERIVATIVE CONTRACT OR A GUARANTEE OF A DEBTOR, YOU MUST ALSO LOG ON TO http://www.lehman-claims.com AND FOLLOW THE DIRECTIONS TO COMPLETE THE APPLICABLE QUESTIONNAIRE AND UPLOAD SUPPORTING DOCUMENTATION OR YOUR CLAIM WILL BE DISALLOWED. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of interest or charges in this form or on http://www.lehman-claims.com if claim is based on a Derivative Contract or Guarantee.		5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries or commissions (up to \$10,950), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,425 of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). Amount entitled to priority: \$	
2. Basis for Claim: See attached Addendum (See instruction #2 on reverse side.)		FOR COURT USE ONLY <div style="border: 2px solid black; padding: 10px; text-align: center;"> FILED / RECEIVED SEP 18 2009 EPIC BANKRUPTCY SOLUTIONS, LLC </div>	
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)			
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate: _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____			
6. Amount of Claim that qualifies as an Administrative Expense under 11 U.S.C. § 503(b)(9): \$ _____ (See instruction #6 on reverse side.) Filed: USBC - Southern District of New York Lehman Brothers Holdings Inc., Et Al. 08-13555 (JMP) 0000016838			
7. Credits: The 8. Documents: orders, invoices, etc. (Attach redacted copy on reverse side.) If DO NOT SEND TO SCANNING. If the documents are		I hereby certify that I am the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. Date: <u>9/15/09</u> <u>Patrick Boyce</u>	
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.			

Patrick Boyce
CFO

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	:
	:
LEHMAN BROTHERS HOLDINGS, INC.	:
	:
Debtor.	:
-----X	

Case No. 08-13555

**ADDENDUM TO PROOF OF CLAIM OF HIGHLAND
CDO OPPORTUNITY MASTER FUND, L.P.**

1. On September 15, 2008, Lehman Brothers Holdings, Inc. ("**LBHI**") filed its voluntary petition for bankruptcy protection under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the Bankruptcy Court for the Southern District of New York (the "**Court**"). Additionally, on September 15, 2008 (the "**Administration Date**"), LBHI subsidiary, Lehman Brothers International (Europe) ("**LBIE**") was placed into administration in the United Kingdom.

2. Prior to the Commencement and Administration Dates, LBIE and Highland CDO Opportunity Master Fund, L.P. ("**Highland CDO**") entered into that certain Global Master Repurchase Agreement (2000 version) dated as of May 31, 2007, and each of the Annexes related thereto and all Confirmations and Transactions thereunder, in each case, as such documents were amended and supplemented from time to time (collectively, the "**Agreement**") with LBIE.¹ A copy of the Agreement is attached hereto as **Exhibit A**.

3. LBIE's obligations under the Agreement are guaranteed by LBHI pursuant to that certain Unanimous Written Consent of the Executive Committee of the Board of Directors of Lehman Brothers Holdings Inc. dated as of June 9, 2005, attached hereto as **Exhibit B**.

¹ Capitalized terms not otherwise defined shall have the meanings given in the Agreement.

4. On September 17, 2008, Highland CDO issued the Default Notice (the "**Default Notice**") whereby Highland CDO declared an Event of Default under Paragraphs 10(a)(vi) and (b) of the Agreement. A copy of the Default Notice is attached hereto as **Exhibit C**. Through the Default Notice, Highland CDO designated September 15, 2008 as the Repurchase Date for all Transactions under the Agreement.

5. On September 26, 2008, Highland CDO provided to LBIE its Default Valuation Notice Under Global Master Repurchase Agreement (the "**Original Valuation Statement**"), as amended by that certain Amendment Default Valuation Notice Under Global Master Repurchase Agreement (together with the Original Valuation Statement, the "**Valuation Statement**"), pursuant to Paragraph 10(c)(i) of the Agreement as a result of the early designation of the Repurchase Date. A copy of the Valuation Statement and supporting documents are attached hereto as **Exhibit D**.

6. Pursuant to Paragraph 10(c) of the Agreement, the amount of \$10,026,061.00 is due and payable from LBIE as described in the Valuation Statement.

7. Highland CDO is filing this proof of claim with full reservation of rights, including the right to further amend or supplement the proof of claim at a later date.

8. Nothing provided for herein shall limit Highland CDO's rights under the Agreement.

EXHIBIT A



The Bond Market Association
New York • Washington • London
www.bondmarkets.com



ISMA

International Securities Market Association
Rigistrasse 60, P.O. Box, CH-8033, Zürich
www.isma.org

2000 VERSION

TBMA/ISMA
GLOBAL MASTER REPURCHASE AGREEMENT

May 31, 2007

Between:

Lehman Brothers International (Europe)

("Party A")

and

Highland CDO Opportunity Master Fund LP

("Party B")

1. Applicability

- (a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, ("Seller") agrees to sell to the other, acting through a Designated Office, ("Buyer") securities and financial instruments ("Securities") (subject to paragraph 1(c), other than equities and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the repurchase price by Seller to Buyer.
- (b) Each such transaction (which may be a repurchase transaction ("Repurchase Transaction") or a buy and sell back transaction ("Buy/Sell Back Transaction")) shall be referred to herein as a "Transaction" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing.
- (c) If this Agreement may be applied to -
 - (i) Buy/Sell Back Transactions, this shall be specified in Annex I hereto, and the provisions of the Buy/Sell Back Annex shall apply to such Buy/Sell Back Transactions;

- (ii) Net Paying Securities, this shall be specified in Annex I hereto and the provisions of Annex I, paragraph 1(b) shall apply to Transactions involving Net Paying Securities.
- (d) If Transactions are to be effected under this Agreement by either party as an agent, this shall be specified in Annex I hereto, and the provisions of the Agency Annex shall apply to such Agency Transactions.

2. Definitions

- (a) "Act of Insolvency" shall occur with respect to any party hereto upon –
 - (i) its making a general assignment for the benefit of, entering into a reorganisation, arrangement, or composition with creditors; or
 - (ii) its admitting in writing that it is unable to pay its debts as they become due; or
 - (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
 - (iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or
 - (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);
- (b) "Agency Transaction", the meaning specified in paragraph 1 of the Agency Annex;
- (c) "Appropriate Market", the meaning specified in paragraph 10;
- (d) "Base Currency", the currency indicated in Annex I hereto;
- (e) "Business Day" –
 - (i) in relation to the settlement of any Transaction which is to be settled through Clearstream or Euroclear, a day on which Clearstream or, as the case may be, Euroclear is open to settle business in the currency in which the Purchase Price and the Repurchase Price are denominated;
 - (ii) in relation to the settlement of any Transaction which is to be settled through a settlement system other than Clearstream or Euroclear, a day on which that settlement system is open to settle such Transaction;
 - (iii) in relation to any delivery of Securities not falling within (i) or (ii) above, a day on which banks are open for business in the place where delivery of the relevant Securities is to be effected; and
 - (iv) in relation to any obligation to make a payment not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in

which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of a payment in euro, a day on which TARGET operates);

- (f) "Cash Margin", a cash sum paid to Buyer or Seller in accordance with paragraph 4;
- (g) "Clearstream", Clearstream Banking, société anonyme, (previously Cedelbank) or any successor thereto;
- (h) "Confirmation", the meaning specified in paragraph 3(b);
- (i) "Contractual Currency", the meaning specified in paragraph 7(a);
- (j) "Defaulting Party", the meaning specified in paragraph 10;
- (k) "Default Market Value", the meaning specified in paragraph 10;
- (l) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;
- (m) "Default Valuation Notice", the meaning specified in paragraph 10;
- (n) "Default Valuation Time", the meaning specified in paragraph 10;
- (o) "Deliverable Securities", the meaning specified in paragraph 10;
- (p) "Designated Office", with respect to a party, a branch or office of that party which is specified as such in Annex I hereto or such other branch or office as may be agreed to by the parties;
- (q) "Distributions", the meaning specified in sub-paragraph (w) below;
- (r) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;
- (s) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption;
- (t) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities, provided that -
 - (A) Securities will be equivalent to other Securities notwithstanding that those Securities have been redenominated into euro or that the nominal value of those Securities has changed in connection with such redenomination; and
 - (B) where Securities have been converted, subdivided or consolidated or have become the subject of a takeover or the holders of Securities have become entitled to receive or acquire other Securities or other property or the Securities have become subject to any similar event, the expression "equivalent to" shall mean Securities equivalent to (as defined in the provisions of this definition preceding the proviso) the original Securities together with or replaced by a sum of money or Securities or other property equivalent to (as so defined) that receivable by holders of such original Securities resulting from such event;
- (u) "Euroclear", Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System or any successor thereto;

- (v) "Event of Default", the meaning specified in paragraph 10;
- (w) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon, but excluding distributions which are a payment or repayment of principal in respect of the relevant securities ("Distributions");
- (x) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;
- (y) "LIBOR", in relation to any sum in any currency, the one month London Inter Bank Offered Rate in respect of that currency as quoted on page 3750 on the Bridge Telerate Service (or such other page as may replace page 3750 on that service) as of 11:00 a.m., London time, on the date on which it is to be determined;
- (z) "Margin Ratio", with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;
- (aa) "Margin Securities", in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer;
- (bb) "Margin Transfer", any, or any combination of, the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;
- (cc) "Market Value", with respect to any Securities as of any time on any date, the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (provided that the price of Securities that are suspended shall (for the purposes of paragraph 4) be nil unless the parties otherwise agree and (for all other purposes) shall be the price of those Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) plus the aggregate amount of Income which, as of such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the relevant time;
- (dd) "Net Exposure", the meaning specified in paragraph 4(c);
- (ee) the "Net Margin" provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time;

- (ff) "Net Paying Securities", Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;
- (gg) "Net Value", the meaning specified in paragraph 10;
- (hh) "New Purchased Securities", the meaning specified in paragraph 8(a);
- (ii) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;
- (jj) "Pricing Rate", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;
- (kk) "Purchase Date", with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;
- (ll) "Purchase Price", on the Purchase Date, the price at which Purchased Securities are sold or are to be sold by Seller to Buyer;
- (mm) "Purchased Securities", with respect to any Transaction, the Securities sold or to be sold by Seller to Buyer under that Transaction, and any New Purchased Securities transferred by Seller to Buyer under paragraph 8 in respect of that Transaction;
- (nn) "Receivable Securities", the meaning specified in paragraph 10;
- (oo) "Repurchase Date", with respect to any Transaction, the date on which Buyer is to sell Equivalent Securities to Seller in relation to that Transaction;
- (pp) "Repurchase Price", with respect to any Transaction and as of any date, the sum of the Purchase Price and the Price Differential as of such date;
- (qq) "Special Default Notice", the meaning specified in paragraph 14;
- (rr) "Spot Rate", where an amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree, the spot rate of exchange quoted by Barclays Bank PLC in the London inter-bank market for the sale by it of such second currency against a purchase by it of such first currency;
- (ss) "TARGET", the Trans-European Automated Real-time Gross Settlement Express Transfer System;
- (tt) "Term", with respect to any Transaction, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;
- (uu) "Termination", with respect to any Transaction, refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with paragraph 3(f), and reference to a Transaction having a "fixed term" or being "terminable upon demand" shall be construed accordingly;
- (vv) "Transaction Costs", the meaning specified in paragraph 10;

- (ww) "Transaction Exposure", with respect to any Transaction at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(g) or 10(h)), the difference between (i) the Repurchase Price at such time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (ii) the Market Value of Equivalent Securities at such time. If (i) is greater than (ii), Buyer has a Transaction Exposure for that Transaction equal to that excess. If (ii) is greater than (i), Seller has a Transaction Exposure for that Transaction equal to that excess; and
- (xx) except in paragraphs 14(b)(i) and 18, references in this Agreement to "written" communications and communications "in writing" include communications made through any electronic system agreed between the parties which is capable of reproducing such communication in hard copy form.

3. Initiation; Confirmation; Termination

- (a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller.
- (b) Upon agreeing to enter into a Transaction hereunder Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party written confirmation of such Transaction (a "Confirmation").

The Confirmation shall describe the Purchased Securities (including CUSIP or ISIN or other identifying number or numbers, if any), identify Buyer and Seller and set forth -

- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation shall state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;
- (v) in respect of each party the details of the bank account[s] to which payments to be made hereunder are to be credited;
- (vi) where the Buy/Sell Back Annex applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where the Agency Annex applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

and may be in the form of Annex II hereto or may be in any other form to which the parties agree.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.

- (c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer.
- (d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.
- (e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.
- (f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

- (a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.
- (b) A notice under sub-paragraph (a) above may be given orally or in writing.
- (c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.
- (d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.
- (e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.
- (f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I hereto in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.
- (g) Where Seller or Buyer becomes obliged under sub-paragraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I hereto or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.
- (h) The parties may agree that, with respect to any Transaction, the provisions of sub-paragraphs (a) to (g) above shall not apply but instead that margin may be provided separately in respect of that Transaction in which case –

- (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
 - (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
 - (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of sub-paragraphs (a) to (g) above.
- (i) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under sub-paragraph (j) below, the adjustment of Transactions under sub-paragraph (k) below or a combination of both these methods.
- (j) Where the parties agree that a Transaction is to be repriced under this sub-paragraph, such repricing shall be effected as follows –
- (i) the Repurchase Date under the relevant Transaction (the “Original Transaction”) shall be deemed to occur on the date on which the repricing is to be effected (the “Repricing Date”);
 - (ii) the parties shall be deemed to have entered into a new Transaction (the “Repriced Transaction”) on the terms set out in (iii) to (vi) below;
 - (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
 - (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;
 - (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as afore-said, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the period specified in sub-paragraph (g) above.
- (k) The adjustment of a Transaction (the “Original Transaction”) under this sub-paragraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the “Adjustment Date”) the Original Transaction shall be terminated and they shall enter into a new Transaction (the “Replacement Transaction”) in accordance with the following provisions –
- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
 - (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
 - (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;

- (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
- (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in sub-paragraph (g) above.

5. Income Payments

Unless otherwise agreed –

- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (ii) where Margin Securities are transferred from one party (“the first party”) to the other party (“the second party”) and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer;

and for the avoidance of doubt references in this paragraph to the amount of any Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction.

6. Payment and Transfer

- (a) Unless otherwise agreed, all money paid hereunder shall be in immediately available freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through the book entry system of Euroclear or Clearstream, or (iii) shall be transferred through any other agreed securities clearance system or (iv) shall be transferred by any other method mutually acceptable to Seller and Buyer.
- (b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- (c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.
- (d) Subject to and without prejudice to the provisions of sub-paragraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation

to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.

- (e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.
- (f) Notwithstanding the use of expressions such as "Repurchase Date", "Repurchase Price", "margin", "Net Margin", "Margin Ratio" and "substitution", which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.
- (g) Time shall be of the essence in this Agreement.
- (h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.
- (i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.
- (j) If the parties have specified in Annex I hereto that this paragraph 6(j) shall apply, each obligation of a party under this Agreement (other than an obligation arising under paragraph 10) is subject to the condition precedent that none of those events specified in paragraph 10(a) which are identified in Annex I hereto for the purposes of this paragraph 6(j) (being events which, upon the serving of a Default Notice, would be an Event of Default with respect to the other party) shall have occurred and be continuing with respect to the other party.

7. Contractual Currency

- (a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "Contractual Currency") save as provided in paragraph 10(c)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.
- (b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or order expressed in a currency other than the Contractual Currency, falls short of the amount in the

Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.

- (c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. Substitution

- (a) A Transaction may at any time between the Purchase Date and Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("New Purchased Securities") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).
- (b) Any variation under sub-paragraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.
- (c) A Transaction which is varied under sub-paragraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.
- (d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time of transfer at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this sub-paragraph does not give rise to any net payment of cash by either party to the other.

9. Representations

Each party represents and warrants to the other that -

- (a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;
- (b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;
- (c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;

- (d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
- (f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;
- (g) in connection with this Agreement and each Transaction -
 - (i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;
 - (ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
 - (iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks; and
- (h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance.

On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

- (a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer -
 - (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (ii) if the parties have specified in Annex I hereto that this sub-paragraph shall apply, Seller fails to deliver Purchased Securities on the Purchase Date or Buyer fails to deliver Equivalent Securities on the Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iii) Seller or Buyer fails to pay when due any sum payable under sub-paragraph (g) or (h) below, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iv) Seller or Buyer fails to comply with paragraph 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (v) Seller or Buyer fails to comply with paragraph 5 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or

- (vi) an Act of Insolvency occurs with respect to Seller or Buyer and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vii) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (viii) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (ix) Seller or Buyer is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (x) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then sub-paragraphs (b) to (f) below shall apply.

- (b) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Cash Margin (including interest accrued) shall be immediately repayable and Equivalent Margin Securities shall be immediately deliverable (and so that, where this sub-paragraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities and the repayment of any Cash Margin shall be effected only in accordance with the provisions of sub-paragraph (c) below).
- (c)
 - (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Repurchase Date; and
 - (ii) on the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency on the relevant date at the Spot Rate prevailing at the relevant time.

- (d) For the purposes of this Agreement, the "Default Market Value" of any Equivalent Securities or Equivalent Margin Securities shall be determined in accordance with sub-paragraph (e) below, and for this purpose -
- (i) the "Appropriate Market" means, in relation to Securities of any description, the market which is the most appropriate market for Securities of that description, as determined by the non-Defaulting Party;
 - (ii) the "Default Valuation Time" means, in relation to an Event of Default, the close of business in the Appropriate Market on the fifth dealing day after the day on which that Event of Default occurs or, where that Event of Default is the occurrence of an Act of Insolvency in respect of which under paragraph 10(a) no notice is required from the non-Defaulting Party in order for such event to constitute an Event of Default, the close of business on the fifth dealing day after the day on which the non-Defaulting Party first became aware of the occurrence of such Event of Default;
 - (iii) "Deliverable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered by the Defaulting Party;
 - (iv) "Net Value" means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for Securities with similar maturities, terms and credit characteristics as the relevant Equivalent Securities or Equivalent Margin Securities) as the non-Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, in the case of Deliverable Securities, all Transaction Costs which would be incurred in connection with the purchase or sale of such Securities;
 - (v) "Receivable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered to the Defaulting Party; and
 - (vi) "Transaction Costs" in relation to any transaction contemplated in paragraph 10(d) or (e) means the reasonable costs, commission, fees and expenses (including any mark-up or mark-down) that would be incurred in connection with the purchase of Deliverable Securities or sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;
- (e) (i) If between the occurrence of the relevant Event of Default and the Default Valuation Time the non-Defaulting Party gives to the Defaulting Party a written notice (a "Default Valuation Notice") which -
- (A) states that, since the occurrence of the relevant Event of Default, the non-Defaulting Party has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities, and that the non-Defaulting Party elects to treat as the Default Market Value -
 - (aa) in the case of Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities sold are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such net proceeds of sale divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as

- the Default Market Value or (y) elect to treat such net proceeds of sale of the Equivalent Securities or Equivalent Margin Securities actually sold as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i); or
- (bb) in the case of Deliverable Securities, the aggregate cost of such purchase, including all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities purchased are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such aggregate cost divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Equivalent Securities or Equivalent Margin Securities actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i));
- (B) states that the non-Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size (as determined by the non-Defaulting Party) and specifies -
- (aa) the price or prices quoted by each of them for, in the case of Deliverable Securities, the sale by the relevant market maker or dealer of such Securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such Securities;
- (bb) the Transaction Costs which would be incurred in connection with such a transaction; and
- (cc) that the non-Defaulting Party elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities; or
- (C) states -
- (aa) that either (x) acting in good faith, the non-Defaulting Party has endeavoured but been unable to sell or purchase Securities in accordance with sub-paragraph (i)(A) above or to obtain quotations in accordance with sub-paragraph (i)(B) above (or both) or (y) the non-Defaulting Party has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under sub-paragraph (i)(B) above; and

- (bb) that the non-Defaulting Party has determined the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and that the non-Defaulting Party elects to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities,

then the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to the Default Market Value specified in accordance with (A), (B)(cc) or, as the case may be, (C)(bb) above.

- (ii) If by the Default Valuation Time the non-Defaulting Party has not given a Default Valuation Notice, the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value at the Default Valuation Time; provided that, if at the Default Valuation Time the non-Defaulting Party reasonably determines that, owing to circumstances affecting the market in the Equivalent Securities or Equivalent Margin Securities in question, it is not possible for the non-Defaulting Party to determine a Net Value of such Equivalent Securities or Equivalent Margin Securities which is commercially reasonable, the Default Market Value of such Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value as determined by the non-Defaulting Party as soon as reasonably practicable after the Default Valuation Time.
- (f) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at LIBOR or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than LIBOR.
- (g) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may –
 - (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
 - (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.
- (h) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may –
 - (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
 - (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction (but only that Transaction) shall be terminated immediately in accordance with sub-paragraph (c) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin and delivery of Equivalent

Margin Securities and as if references to the Repurchase Date were to the date on which notice was given under this sub-paragraph).

- (i) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.
- (j) Subject to paragraph 10(k), neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.
- (k)
 - (i) Subject to sub-paragraph (ii) below, if as a result of a Transaction terminating before its agreed Repurchase Date under paragraphs 10(b), 10(g)(iii) or 10(h)(iii), the non-Defaulting Party, in the case of paragraph 10(b), Buyer, in the case of paragraph 10(g)(iii), or Seller, in the case of paragraph 10(h)(iii), (in each case the "first party") incurs any loss or expense in entering into replacement transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with such replacement transactions (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement transactions; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
 - (ii) If the first party reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the first party entered into in connection with the Transaction so terminating, or to enter into any replacement hedging transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (l) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it.

11. Tax Event

- (a) This paragraph shall apply if either party notifies the other that –
 - (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
 - (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax),has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.
- (b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in sub-paragraph (a)(i) or (ii) above has occurred and affects the notifying party.
- (c) Where this paragraph applies, the party giving the notice referred to in sub-paragraph (a) may, subject to sub-paragraph (d) below, terminate the Transaction with effect from a

date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.

- (d) If the party receiving the notice referred to in sub-paragraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in sub-paragraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.
- (e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.
- (f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.

12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, interest shall accrue on the unpaid sum as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction) and LIBOR on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment.

13. Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each party agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and (ii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder.

14. Notices and Other Communications

- (a) Any notice or other communication to be given under this Agreement -
 - (i) shall be in the English language, and except where expressly otherwise provided in this Agreement, shall be in writing;
 - (ii) may be given in any manner described in sub-paragraphs (b) and (c) below;
 - (iii) shall be sent to the party to whom it is to be given at the address or number, or in accordance with the electronic messaging details, set out in Annex I hereto.
- (b) Subject to sub-paragraph (c) below, any such notice or other communication shall be effective -
 - (i) if in writing and delivered in person or by courier, at the time when it is delivered;
 - (ii) if sent by telex, at the time when the recipient's answerback is received;

- (iii) if sent by facsimile transmission, at the time when the transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when that mail is delivered or its delivery is attempted;
- (v) if sent by electronic messaging system, at the time that electronic message is received;

except that any notice or communication which is received, or delivery of which is attempted, after close of business on the date of receipt or attempted delivery or on a day which is not a day on which commercial banks are open for business in the place where that notice or other communication is to be given shall be treated as given at the opening of business on the next following day which is such a day.

(c) If -

- (i) there occurs in relation to either party an event which, upon the service of a Default Notice, would be an Event of Default; and
- (ii) the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub paragraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party),

the non-Defaulting Party may sign a written notice (a "Special Default Notice") which -

- (aa) specifies the relevant event referred to in paragraph 10(a) which has occurred in relation to the Defaulting Party;
- (bb) states that the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub paragraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party);
- (cc) specifies the date on which, and the time at which, the Special Default Notice is signed by the non-Defaulting Party; and
- (dd) states that the event specified in accordance with sub-paragraph (aa) above shall be treated as an Event of Default with effect from the date and time so specified.

On the signature of a Special Default Notice the relevant event shall be treated with effect from the date and time so specified as an Event of Default in relation to the Defaulting Party, and accordingly references in paragraph 10 to a Default Notice shall be treated as including a Special Default Notice. A Special Default Notice shall be given to the Defaulting Party as soon as practicable after it is signed.

- (d) Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

15. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for Transactions. Each provision and agreement herein shall be treated as separate from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

16. Non-assignability; Termination

- (a) Subject to sub-paragraph (b) below, neither party may assign, charge or otherwise deal with (including without limitation any dealing with any interest in or the creation of any interest in) its rights or obligations under this Agreement or under any Transaction without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
- (b) Sub-paragraph (a) above shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (f) above.
- (c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.
- (d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.
- (e) The participation of any additional member State of the European Union in economic and monetary union after 1 January 1999 shall not have the effect of altering any term of the Agreement or any Transaction, nor give a party the right unilaterally to alter or terminate the Agreement or any Transaction.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of England. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction to the jurisdiction of the Courts of England.

Party A hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party A shall promptly appoint, and notify Party B of the identity of, a new agent in England.

Party B hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party B shall promptly appoint, and notify Party A of the identity of, a new agent in England.

Each party shall deliver to the other, within 30 days of the date of this Agreement in the case of the appointment of a person identified in Annex I or of the date of the appointment of the relevant agent in any other case, evidence of the acceptance by the agent appointed by it pursuant to this paragraph of such appointment.

Nothing in this paragraph shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction.

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or con-

sent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to paragraph 4(a) hereof will not constitute a waiver of any right to do so at a later date.

19. Waiver of Immunity

Each party hereto hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any action or proceeding in the Courts of England or of any other country or jurisdiction, relating in any way to this Agreement or any Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

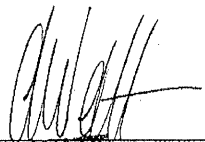
20. Recording

The parties agree that each may electronically record all telephone conversations between them.

21. Third Party Rights

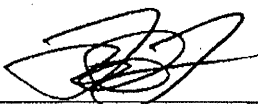
No person shall have any right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999.

**LEHMAN BROTHERS INTERNATIONAL
(EUROPE)**

By 
Title ANDREE WATT
Date AUTHORISED SIGNATORY

12/06/2007

**HIGHLAND CDO OPPORTUNITY MASTER
FUND LP**

By 
Title _____
Date _____

ANNEX 1

**Supplemental Terms or Conditions
To the TBMA/ISMA Master Repurchase Agreement**

Dated as of May 31, 2007

Between

LEHMAN BROTHERS INTERNATIONAL (EUROPE) ("Party A")
a company incorporated with unlimited liability under the laws of England and Wales

and

Highland CDO Opportunity Master Fund LP ("Party B")
a limited partnership organized under the laws of the State of Delaware

Paragraph references are to paragraphs in the Agreement.

1. The following elections shall apply
 - (a) **paragraph 1(c)(i).** Buy/Sell Back Transactions may be effected under this Agreement, and accordingly the Buy/Sell Back Annex shall apply.
 - (b) **paragraph 1(c)(ii).** Transactions in Net Paying Securities may be effected under this Agreement, and accordingly the provisions of sub paragraphs (i) and (ii) below shall apply.
 - (i) The phrase "other than equities and Net Paying Securities" in paragraph 1(a) shall be replaced by the phrase "other than equities".
 - (ii) In the Buy/Sell Back Annex the following words shall be added to the end of the definition of the expression "IR": "and for the avoidance of doubt the reference to the amount of Income for these purposes shall be to an amount paid without withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction".
 - (c) **paragraph 1(d).** Agency Transactions may not be effected under this Agreement, and accordingly the Agency Annex shall not apply.

In addition, the following Annexes shall also apply with respect to relevant Transactions:

- Equities Annex
- Italian Annex
- Gilts Annex
- Japanese Securities Annex
- U.S. Securities Addendum

- (d) **paragraph 2(d).** The Base Currency shall be:
 - (i) for the purposes of paragraph 4, United States Dollars
 - (ii) for the purposes of paragraph 10, where the Defaulting Party is Party B, United States Dollars and, where the Defaulting Party is Party A, United States Dollars.
- (e) **paragraph 2(p).** list Buyer's and Seller's Designated Offices.

Party A: London and Frankfurt.

Party B: Delaware

- (f) **paragraph 2(cc).** The pricing source for calculation of Market Value shall be: Market Value will be calculated in accordance with market practice prevailing in the principal market for the relevant securities as reasonably determined by Party A or as otherwise agreed in writing by the parties.
- (g) **paragraph 2(rr).** Spot rate to be: as specified in paragraph 2(rr).
- (h) **paragraph 3(b).** both Seller and Buyer to deliver Confirmation.
- (i) **paragraph 4(f).**
 - (i) Interest rate on Cash Margin to be Fed Funds Open for USD (available on Telerate page 5), EONIA for Euro (available on Bloomberg page EBF) and SONIA for GBP (available on Bloomberg page BBAM).
 - (ii) Interest to be payable upon redelivery of any Cash Margin.
- (j) **paragraph 4(g).** Delivery period for margin calls to be:
 - (i) For Cash Margin, Margin Securities or Equivalent Margin Securities the same day if the request is made by 10 a.m. (New York time) on a Business Day and, if requested after such time, on the next Business Day.
- (k) **paragraph 6(j).** Paragraph 6(j) shall apply, and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(j) shall be those set out in sub-paragraphs (i) and (iii) through (x) of paragraph 10(a) of this Agreement.
- (l) **paragraph 10(a)(ii).** Paragraph 10(a)(ii) shall not apply.
- (m) **paragraph 14.** For the purposes of paragraph 14 of this Agreement
 - (i) Address for notices and other communications for Party A
 - (a) Address: **Lehman Brothers International (Europe) – Head Office**
25 Bank Street, London E14 5LE
Attention:
 - For trading issues: Trading Manager, Central Funding Desk
Telephone: 44 (20) 7260 2333
e-mail: cfueurope@exeulon.lehman.com
 - For confirmation issues: Trade Support / Operations
Telephone: 44 (20) 7102 3002/2971
Facsimile: 44 (20) 7102 3022/2518
e-mail: fidfinancing@exeulon.lehman.com
 - For margin issues: Global Margin Europe
Telephone: 44 (20) 701 1 7290
Facsimile: 44 (20) 7260 1324
e-mail: repofutmargin@exeulon.lehman.com
 - For documentation issues: Transaction Management (London)
Telephone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
e-mail: vsharp@lehman.com; gtarry@lehman.com
 - (b) Address: **Lehman Brothers International (Europe) – Frankfurt Branch**
Rathenauplatz 1, D-60313 Frankfurt am Main, Germany
Attention:

For trading issues: Trading Manager, Central Funding Desk
Telephone: 44 (20) 7260 2333
e-mail: cfueurope@exeulon.lehman.com

For confirmation issues: Trade Support / Operations
Telephone: 44 (20) 7120 3002/2971
Facsimile: 44 (20) 7120 3022/2518
e-mail: fidfinancing@exeulon.lehman.com

For margin issues: Global Margin Europe (London)
Telephone: 44 (20) 7011 7290
Facsimile: 44 (20) 7260 1324
e-mail: repofutmargin@exeulon.lehman.com

For documentation issues: Transaction Management (London)
Telephone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
e-mail: vsharp@lehman.com; gtarry@lehman.com

(ii) Address for notices and other communications for Party B

Address: c/o Highland Capital Management, L.P.
13445 Noel Road
Two Gallerial Tower, Suite 1300
Dallas, TX 75241
Attention: Philip Braner

Telephone: 972-628- 4100

Facsimile: 972-628-4147

E-mail: PBraner@hcmlp.com

paragraph 17. For the purposes of paragraph 17 of this Agreement

(iii) Party A is not required to appoint an agent for service of process.

(iv) Party B appoints as its agent for service of process: Highland Capital Management Europe Ltd., 130 Jermyn Street, London SW1Y 4UP

2. The following supplemental terms and conditions shall apply.

(a) Existing Transactions. All Repurchase Transactions and Buy/Sell Back Transactions entered into by the parties prior to the date of this Agreement which are outstanding at the date of the Agreement, shall be deemed to be entered into pursuant to this Agreement and shall be governed by the terms of this Agreement.

(b) Forward Transactions. The parties agree that Forward Transactions (as defined in sub paragraph (i)(A) below) may be effected under this Agreement, and accordingly the provisions of sub paragraphs (i) to (iv) below shall apply.

(i) The following definitions shall apply

(A) "Forward Transaction", a Transaction in respect of which the Purchase Date is at least three Business Days after the date on which the Transaction was entered into and has not yet occurred;

- (B) "Forward Repricing Date", with respect to any Forward Transaction, the date which is such number of Business Days before the Purchase Date as is equal to the minimum period for the delivery of margin applicable under paragraph 4(g).
- (ii) The Confirmation relating to any Forward Transaction may describe the Purchased Securities by reference to a type or class of Securities, which, without limitation, may be identified by issuer or class of issuers and a maturity or range of maturities. Where this paragraph applies, the parties shall agree the actual Purchased Securities not less than two Business Days before the Purchase Date and Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party a Confirmation which shall describe such Purchased Securities.
- (iii) At any time between the Forward Repricing Date and the Purchase Date for any Forward Transaction the parties may agree either
 - (A) to adjust the Purchase Price under that Forward Transaction; or
 - (B) to adjust the amount of Purchased Securities to be sold by Seller to Buyer under that Forward Transaction.
- (iv) Where the parties agree to an adjustment under paragraph (iii) above, Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party a Confirmation of the Forward Transaction, as adjusted under paragraph (iii) above.
- (v) With respect to any Forward Transaction, paragraphs 2 and 4 of the Agreement are amended as follows.
 - (A) Paragraph 2(wv) is deleted and replaced by the following
"(ww) Transaction Exposure means
 - (1) with respect to any Forward Transaction at any time between the Forward Repricing Date and the Purchase Date, the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Purchase Price;
 - (2) with respect to any Transaction at any time during the period (if any) from the Purchase Date to the date on which the Purchased Securities are delivered to Buyer or, if earlier, the date on which the Transaction is terminated under paragraph 10(g), the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Repurchase Price at the relevant time;
 - (3) with respect to any Transaction at any time during the period from the Purchase Date (or, if later, the date on which the Purchased Securities are delivered to Buyer or the Transaction is terminated under paragraph 10(g)) to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(h)), the difference between (A) the Repurchase Price at the relevant time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin

Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (B) the Market Value of Equivalent Securities at the relevant time.

In each case, if (A) is greater than (B), Buyer has a Transaction Exposure for that Transaction equal to the excess, and if (B) is greater than (A), Seller has a Transaction Exposure to Buyer equal to the excess."

(B) In paragraph 4(c)

- (1) the words "any amount payable to the first party under paragraph 5 but unpaid" are deleted and replaced by "any amount which will become payable to the first party under paragraph 5 during the period after the time at which the calculation is made which is equal to the minimum period for the delivery of margin applicable under paragraph 4(g) or which is payable to the first party under paragraph 5 but unpaid"; and
- (2) the words "any amount payable to the other party under paragraph 5 but unpaid" are deleted and replaced by "any amount which will become payable to the other party under paragraph 5 during the period after the time at which the calculation is made which is equal to the minimum period for the delivery of margin applicable under paragraph 4(g) or which is payable to the other party under paragraph 5 but unpaid".

(c) Intermediation by Party A Affiliates.

- (i) From time to time, Lehman Brothers Inc. or other affiliate of Lehman Brothers International (Europe) may act as agent on behalf of Lehman Brothers International (Europe), with such agency taking the form of, among other things and without limitation, the execution of transactions on behalf of Lehman Brothers International (Europe), delivery of Confirmations on behalf of the same, and communications with Party B.
- (ii) For the avoidance of doubt, Lehman Brothers International (Europe) shall remain as principal in regards to all Transactions, and shall be bound as "Buyer" or "Seller", as the case may be, pursuant to the terms of this Agreement.

(d) This paragraph applies where a party to the Agreement is incorporated in Germany or has a branch located in Germany. In this paragraph – "Insolvenzordnung" means the Insolvency Act, which came into force in Germany on 1 January 1999. "Insolvenzverfahren" means insolvency proceedings instituted under that Act and "Insolvenzverwalter" means as Insolvenzverwalter appointed under that Act.

- (i) Without limiting any other provision of Paragraph 2(a) or Paragraph 10 of the Agreement, in the case of a party incorporated in Germany or has a branch located in Germany:
 - (aa) the reference to an analogous officer in Paragraph 2(a)(iii) and (v) shall include *Insolvenzverwalter*;
 - (bb) the reference to any analogous proceeding in Paragraph 2(a)(iv) shall include an *Insolvenzverfahren*; and

- (cc) an Event of Default shall for the purposes of Paragraph 10 of the Agreement occur immediately, and without the need for the service of a Default Notice, if an application is made for the institution of an *Insolvenzverfahren* or if measures are taken pursuant to §§ 46 or 46a para.1 of the German Banking Act (*Kreditwesengesetz*).
- (e) Form of Agreement. The Party (the "Relevant Party") who has prepared the text of this Agreement for execution warrants and undertakes to the other Party that such text conforms exactly to the text of the standard form Global Master Repurchase Agreement published by The Bond Market Association in October 2000, except as notified by the Relevant Party to the other Party in writing prior to the execution of this Agreement.
- (f) Counterparts: This Agreement may be executed in counterparts, each of which counterparts, when so-executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be as effective as delivery of a mutually signed counterpart hereof.

ANNEX II
Form of Confirmation

To:

From:

Date: [DATE]

Subject: [Repurchase][Buy/Sell Back]* Transaction
(Reference Number:)

Dear Sirs,

The purpose of this [letter / facsimile / telex], a "Confirmation" for the purposes of the Agreement, is to set forth the terms and conditions of the above repurchase transaction entered into between us on the Contract Date referred to below.

This Confirmation supplements and forms part of, and is subject to, the Global Master Repurchase Agreement as entered into between us as of [] as the same may be amended from time to time (the "Agreement"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and phrases defined in the Agreement and used in this Confirmation shall have the same meaning herein as in the Agreement.

1. Contract Date:
2. Purchased Securities [state type[s] and nominal value[s]]:
3. CUSIP, ISIN or other identifying number[s]:
4. Buyer:
5. Seller:
6. Purchase Date:
7. Purchase Price:
8. Contractual Currency:
9. Repurchase Date]:*
10. Terminable on demand]:*
11. Pricing Rate:
- [12. Sell Back Price:]*
13. Buyers Bank Account[s] Details:
14. Sellers Bank Account[s] Details:
- [15. The Transaction is an Agency Transaction. [Name of Agent] is acting as agent for [name or identifier of Principal]]:*
- [16. Additional Terms]:*

Yours faithfully,

* Delete as appropriate

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

GILTS ANNEX

Supplemental terms and conditions where repurchase transactions are to effected in UK gilt-edged securities

1. Interpretation

1.1 In this Part of this Annex -

- (a) the **Agreement** means the Agreement dated May 31, 2007 substantially in the form of the TBMA/ISMA Global Master Repurchase Agreement (2000 Version) of which this Annex forms part;
- (b) **CREST** means the computer-based system and associated clerical procedures established by CRESTCo Limited to facilitate the transfer of gilt-edged securities and other uncertificated securities;
- (c) **CHAPS system** means the same day payment system operated by the CHAPS Clearing Company Limited;
- (d) **gilt-edged securities** means securities which are gilt-edged securities for the purposes of section 50 (7) of the Income and Corporation Taxes Act 1988.

1.2 Terms to which a defined meaning is given in the Agreement have the same meanings in this Annex.

2. Scope

2.1 The parties have agreed that the Transactions to which the Agreement applies may include Transactions in respect of gilt-edged securities.

2.2 The terms and conditions set out in this Annex apply to Transactions in respect of gilt-edged securities and, to the extent and in the circumstances provided in paragraph 3.3(c) below, Transactions wholly or partly in respect of such other securities as are referred to in that paragraph.

3. CREST

3.1 CREST shall be an agreed securities clearance system for the purposes of paragraph 6(a)(iii) of the Agreement.

3.2 Where under the rules and procedures of the CREST the delivery of any Securities from a securities account in the name of one party or its nominee or agent (the transferor) to a securities account in the name of the other party or its nominee or agent (the transferee) gives rise to an assured payment obligation by which the settlement bank acting for the transferee is obliged to make a payment to the settlement bank acting for the transferor, the creation of that assured payment obligation shall for the purposes of the Agreement and any Transaction be treated as a payment from the transferee to the transferor of an amount equal to the amount of the assured payment obligation.

3.3 (a) Subject to and in accordance with the following provisions of the sub-paragraph, the parties may agree to enter into an overnight sale and repurchase transaction (a DBV Transaction) to be effected under the "delivery-by-value" facility of CREST.

(b) The Confirmation relating to a DBV Transaction -

- (i) shall specify the Transaction as a DBV Transaction;
 - (ii) shall not describe the Purchased Securities;
 - (iii) shall specify as the Purchase Price the consideration to be input in respect of the delivery of the Purchased Securities through CREST;
 - (iv) shall specify the pricing rate for that DBV Transaction.
- (c) The Purchased Securities under a DBV Transaction shall be such Securities (which may include Securities which are not gilt-edged securities) as shall be selected and delivered by CREST on the apportionment of securities to the relevant delivery in accordance with the rules and procedures of CREST.
- (d) The amount by which the Repurchase Price under a DBV Transaction exceeds the Purchase Price shall be paid by Seller to Buyer on the Repurchase Date on or as soon as practicable after the delivery of Equivalent Securities through CREST from a securities account of Buyer to a securities account of Seller. Such payment shall be made through CREST or outside CREST in same day funds.
- (e) If on the Repurchase Date of a DBV Transaction Equivalent Securities are not delivered to Seller by reason of the fact that either party's membership of CREST has been terminated or suspended then, unless before the latest time for delivery of such Equivalent Securities under the rules and procedures of CREST an Event of Default has occurred under paragraph 10 of the Agreement in respect of either party, such non-delivery shall be deemed to constitute -
 - (i) where Buyer's membership of CREST has been terminated or suspended, a failure by Buyer to deliver Equivalent Securities on the Repurchase Date.
 - (ii) where Seller's membership of CREST has been terminated or suspended, a failure by Seller to pay the Repurchase Price on the Repurchase Date.
- (f) If on the Repurchase Date of a DBV Transaction Equivalent Securities are not delivered to Seller by reason of the fact that there are insufficient Securities of the relevant description standing to the credit of Buyer's account to enable delivery of the Equivalent Securities or there is insufficient cash standing to the credit of Seller's account to enable payment of the Repurchase Price then, unless before the latest time for delivery of such Equivalent Securities under the rules and procedures of CREST an Event of Default has occurred under paragraph 10 of the Agreement in respect of either party, such non-delivery shall be deemed to constitute -
 - (i) where there are insufficient Securities of the relevant description standing to the credit of Buyer's account to enable delivery of the Equivalent Securities, a failure by Buyer to deliver Equivalent Securities on the Repurchase Date;
 - (ii) where there is insufficient cash standing to the credit of Seller's account to enable payment of the Repurchase Price, a failure by Seller to pay Repurchase Price on the Repurchase Date.
- (g) If after an Event of Default has occurred under paragraph 10 of the Agreement Equivalent Securities to the Purchased Securities are delivered to a securities account of Seller against the creation of an assured payment obligation in accordance with the rules and procedures of CREST notwithstanding the termination of the relevant DBV Transaction, such delivery shall give rise to the following obligations, each of which shall be conditional on the simultaneous performance of the other -
 - (i) an obligation on Seller to deliver to Buyer on demand securities equivalent to the securities so delivered; and

- (ii) an obligation on Buyer to pay to Seller on demand a sum equal to the assured payment obligation so created.

3.4 (a) The parties may agree to enter into a series of DBV Transactions to be confirmed by a single Confirmation, each such DBV Transaction being for the same Purchase Price and each such DBV Transaction other than the first commencing on the Repurchase Date of the previous Transaction. Such a series DBV Transactions is in the paragraph referred to as -

- (i) an Open DBV Repo if the Repurchase Date of the last Transaction in the series is not specified in the Confirmation but it is instead provided that, if either party gives to the other notice of not less than a stated period, the DBV Transaction which will be due for Termination on the date specified in the notice will be the last Transaction in the series and the series will be limited accordingly;
 - (ii) a Term DBV Repo if the date on which the last Transaction in the series is due for Termination is specified in the Confirmation.
- (b) Subject to the following provisions of this sub-paragraph, paragraph 3.3 above shall apply in respect of each DBV Transaction forming part of an Open DBV Repo or a Term DBV Repo.
- (c) It shall not be necessary for any Transaction forming part of an Open DBV Repo or a Term DBV Repo to be evidenced by a separate Confirmation and, subject to sub-paragraph 3.4(d) below, each such Transaction shall be deemed to be entered into on the Repurchase Date of the preceding such Transaction.
- (d) Notwithstanding the preceding provisions of this sub-paragraph, a transaction which would otherwise be deemed to be entered into on any day and would form part of an Open DBV Repo or a Term DBV Repo shall be deemed not to be entered into if before the parties have taken the steps necessary to effect delivery of the Purchased Securities under that Transaction on that day in accordance with the rules and procedures of the CREST -
- (i) an Event of Default has occurred in relation to either party; or
 - (ii) an earlier Transaction forming part of that Open DBV Repo or Term DBV Repo has been terminated under paragraph 10(g) or 10(h) of the Agreement.
- (e) In any case where sub-paragraph 3.4(d) above applies, no further Transaction forming part of the relevant Open DBV Repo or Term DBV Repo shall arise.
- (f) Subject to sub-paragraph 3.4(h) below, and save in so far as the Confirmation relating to an Open DBV Repo or Term DBV Repo may otherwise provide, that part (if any) of the Repurchase Price in respect of each Transaction in the relevant series (other than the last such Transaction) which exceeds the Purchase Price shall not be payable on the Repurchase Date, but shall instead be deferred until, and shall be payable on, the Repurchase Date of the last Transaction in the series. Such payments shall be made through CREST or outside CREST in same day funds.
- (g) Any amount payable in respect of a Transaction forming part of an Open DBV Repo or Term DBV Repo payment of which has been deferred under sub-paragraph 3.4(f) above shall, until it is paid or the relevant Transaction is terminated under any provision of paragraph 10 of the Agreement, be treated for the purposes of paragraph 4(c) of the Agreement as if it were an amount payable under paragraph 5 of the Agreement.
- (h) If any Transaction forming part of an Open DBV Repo or Term DBV Repo is terminated under any provision of paragraph 10 of the Agreement, any amounts payable in respect of any earlier Transactions forming part of that Open DBV Repo or Term DBV Repo pay-

ment of which has been deferred under sub-paragraph 3.4(f) above shall become due and payable immediately.

4. Transactions in partly-paid Securities

4.1 This paragraph applies where -

- (a) the Purchased Securities under a Transaction are Securities on which a call or instalment remains to be paid; and
- (b) the due date for the payment of any such call or instalment occurs before the Termination of the Transaction.

4.2 Seller shall pay to Buyer, for value on or before the due date of the call or instalment, an amount equal to the call or instalment payable on that date in respect of Securities equivalent to the Purchased Securities.

4.3 No adjustment to the Repurchase Price shall be made in consequence of the call or instalment or of the payment made by Seller under paragraph 4.2 above.

4.4 On and from the due date for the payment of the call or instalment the expression "Equivalent Securities" shall with respect to that Transaction be taken to mean Securities of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and amount as the Purchased Securities but after payment of the call or instalment in question.

5. Exercise of rights of conversion

5.1 This paragraph applies where the Purchased Securities under a Transaction are Securities in respect of which a right of conversion (whether arising under the terms of issue of the Securities or under a conversion offer made after such issue) becomes exercisable before the Termination of the Transaction.

5.2 Seller may, not later than a reasonable period before the latest time for the exercise of the right of conversion, give to Buyer written notice to the effect that, on Termination of the Transaction, it wishes to receive Securities in such form as will arise if the right of conversion is exercised or, in the case of a right of conversion which may be exercised in more than one manner, is exercised in such manner as is specified in the notice.

5.3 With effect from the latest time for the exercise of the right of conversion the expression "Equivalent Securities" shall be taken to mean -

- (a) if a notice has been given under paragraph 5.2 above not later than the time specified in that sub-paragraph, such amount of such Securities of such description as fall to be held by a holder of Securities of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and amount as the Purchased Securities if he has exercised the right of conversion in the manner specified in the notice;
- (b) in any other case, such amount of Securities of such description as fall to be held by a holder of Securities of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and amount as the Purchased Securities if he has not exercised the right of conversion.

6. Termination of on demand Transactions

6.1 Paragraph 3(e) of the Agreement shall not apply, but shall be replaced by the following -

“(e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur as soon as reasonably practicable after such demand or on such date (being at least one Business Day after that on which the demand is made) as may be specified in the demand: provided that, unless otherwise agreed between the parties, a demand which is made before 10 a.m. on a Business Day may provide for Termination to occur not later than the close of business on that day.”

7. Dividend entitlements: effect on margin provisions

7.1 This paragraph applies where -

- (a) the ex-dividend date for the payment of any dividend on any Purchased Securities occurs before the Termination of the relevant Transaction; or
- (b) the ex-dividend date for the payment of any dividend on any gilt-edged securities which have been delivered to a party as Margin Securities occurs before Equivalent Margin Securities have been delivered to the other party.

7.2 For the purposes of paragraph 4 of the Agreement -

- (a) where paragraph 7.1(a) above applies, from the period from the ex-dividend date until the Termination of the Transaction, Buyer shall be deemed to have received a payment of Cash Margin equal to the amount of the dividend payable on the Purchased Securities by reference to that ex-dividend date;
- (b) where paragraph 7.1(b) above applies, the party which has received those Margin Securities shall, from the period from the ex-dividend date until Equivalent Margin Securities are delivered to the other party, be deemed to have received a payment of Cash Margin equal to the amount of the dividend payable on those Margin Securities by reference to that ex-dividend date.

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

EQUITIES ANNEX

Supplemental terms and conditions for transactions in equities

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated May 31, 2007 between Lehman Brothers International (Europe) and Highland CDO Opportunity Master Fund LP (the "Agreement").

1. Scope

- (a) The parties have agreed that
 - (i) the Transactions to which this Agreement applies may include Transactions in respect of which the Purchased Securities consist of or include equities; and
 - (ii) a transfer of Margin Securities may consist of or include equities,and the terms and conditions of this Annex shall apply to such Transactions and transfers of Margin Securities.
- (b) In relation to Transactions and transfers of Margin Securities to which this Annex applies, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 3 to 5 of this Annex.

2. Interpretation

- (a) In this Annex
 - (i) "equities" and "equity securities" include shares or stock in the share capital of a corporation, whether ordinary shares or preference shares or other kinds of shares or stock;
 - (ii) "Equivalent Margin Securities" and "Equivalent Securities" mean, in relation to Margin Securities and Purchased Securities which are equity securities and which are partly paid, or have been converted, sub divided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing –
 - (A) in the case of conversion, sub division or consolidation, securities equivalent to the securities into which the relevant Securities have been converted, sub divided or consolidated; provided that, if appropriate, notice has been given in accordance with paragraph 4 (a) of this Annex;
 - (B) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
 - (C) in the case of takeover, a sum of money or securities equivalent to the consideration or alternative consideration of which notice has been given in accordance with paragraph 4(a) of this Annex;
 - (D) in the case of a call on partly paid securities, securities equivalent to the paid up securities; provided that, in the case of Equivalent Securities, Seller or, in the case of Equivalent Margin Securities, the party which transferred the relevant Margin Securities shall have paid to the other party a sum of money equal to the sum due in respect of the call;
 - (E) in the case of a capitalisation issue, securities equivalent to the relevant Securities together with the securities allotted by way of bonus thereon;

- (F) in the case of a rights issue, securities equivalent to the relevant Securities together with the securities allotted thereon; provided that notice has been given to the other party in accordance with paragraph 4(a) of this Annex;
 - (G) in the event that income in the form of securities, or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities is distributed, securities equivalent to the relevant Securities together with securities or a certificate or an entitlement equivalent to those allotted; provided that notice has been given in accordance with paragraph 4(a) of this Annex;
 - (H) in the case of any event similar to any of the foregoing, securities equivalent to the relevant Securities together with or replaced by a sum of money or securities or other property equivalent to that received in respect of such Securities resulting from such event.
- (b) In the event of any conflict between the terms of this Annex and the Agreement the terms of this Annex shall prevail.
- 3. Income Payments**
- (a) Subject as otherwise provided in this Annex or as otherwise agreed between the parties, where the Income paid or distributed by the issuer of Purchased Securities or Margin Securities is not in the form of money but is in the form of other property, the obligation of a party under paragraph 5 of the Agreement to pay to the other party an amount equal to the amount paid by the issuer shall be construed as an obligation to transfer property equivalent to that distributed by the issuer.
- (b) The existing paragraph 5 of the Agreement shall be replaced by the following

"5. Income Payments

- (a) Unless otherwise agreed
- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction which are not equities, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
 - (ii) where Margin Securities which are not equities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer,

and for the avoidance of doubt references in this sub paragraph to the amount of Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to a withholding or deduction.

- (b) (i) Unless otherwise agreed, where the Purchased Securities the subject of a Transaction consist of or include equities in respect of which an Income Payment Date would, but for this provision, occur during the Term of such Transaction, Seller shall seek to effect a substitution of such equities in accordance with paragraph 8(a) before the Notice Date referred to in sub-paragraph (b)(iii), but if such a substitution has not been effected by that date then Termination of such Transaction shall, provided that Seller has notified Buyer of such Termination in ac-

cordance with sub-paragraph (b)(iii), occur on, and, accordingly, the Repurchase Date of such Transaction shall fall on, the Business Day immediately preceding such Income Payment Date.

- (ii) Unless otherwise agreed and except to the extent that Equivalent Margin Securities in respect of the relevant Margin Securities have already been transferred, where one party (the "transferor") has transferred Margin Securities which are equities to the other (the "transferee") then, on the Business Day preceding the next Income Payment Date in respect of such Margin Securities, the transferee shall transfer to the transferor Equivalent Margin Securities in respect of such Margin Securities in exchange for new Margin Securities as if such transfers were made pursuant to a request under paragraph 8(d) to which the transferee had agreed; provided that (aa) the transferor has given notice to the transferee in accordance with sub-paragraph (b)(iii) of the application of this sub-paragraph (b)(ii) and (bb) the transferor has provided reasonable details to the transferee of the Margin Securities in question, the relevant Income Payment Date and the new Margin Securities to be exchanged for such Equivalent Margin Securities and the transferee has indicated to the transferor that such new Margin Securities are acceptable to it.
- (iii) Any notice given pursuant to sub-paragraphs (b)(i) or (b)(ii) above shall not be valid unless given so as to be effective, at the latest, one hour before the close of business on the last Business Day (the "Notice Date") on which the recipient would customarily be required to initiate settlement of the securities to be transferred by it pursuant to such notice in order for settlement to take place on the Business Day immediately preceding the relevant Income Payment Date.
- (iv) Nothing in this sub-paragraph (b) shall prejudice any entitlement of either party to terminate a Transaction in any other manner permitted by the Agreement.
- (c) Unless otherwise agreed between the parties, where (notwithstanding, and without prejudice to, sub-paragraph (b) above) Equivalent Securities in respect of Purchased Securities which are equities or, as the case may be, Equivalent Margin Securities in respect of Margin Securities which are equities have not been transferred by Buyer to Seller or the transferee to the transferor prior to an Income Payment Date in respect of such Securities, sub-paragraph (a) above shall not apply in respect of such Securities, but instead Buyer shall or, as the case may be, the transferee shall, on the date Income is paid by the issuer of those Securities, transfer to or credit to the account of Seller or, as the case may be, the transferor
 - (i) an amount equal to (and in the same currency as) so much of such Income attributable to such Securities as is (if it is the holder of such Securities on such Income Payment Date) or would have been (if it had been the holder of such Securities on such Income Payment Date) paid in cash by the issuer to the holder; and
 - (ii) an amount equal to such amount, if any, in respect of tax or tax benefit as Buyer or the transferee is (if it is the holder of such Securities on such Income Payment Date) or would have been (if it had been the holder of such Securities on such Income Payment Date) entitled to claim or recover in cash from the issuer's jurisdiction in respect of such Income payment;

provided that, unless otherwise agreed between the parties, if Buyer or, as the case may be, the transferee has failed to make reasonable efforts to transfer the relevant Equivalent Securities or Equivalent Margin Securities prior to such Income Payment Date in circum-

stances where the proviso to sub-paragraph (b)(i) above or, as the case may be, sub-paragraph (b)(ii) has been satisfied, then, instead of transferring or crediting the amount referred to in sub-paragraphs (i) and (ii) of this sub-paragraph (c), Buyer or, as the case may be, the transferee shall indemnify Seller or, as the case may be, the transferor in respect of any cost, loss (including for the avoidance of doubt the amount of Income that would have been paid to Seller or, as the case may be, the transferor if it had been the holder of such Securities on such Income Payment Date) or damage (excluding, for the avoidance of doubt, any consequential loss or damage) suffered by such person which it would not have suffered had the relevant Equivalent Securities or Equivalent Margin Securities been transferred prior to such Income Payment Date.

- (d) Where Buyer or, as the case may be, the transferee is required by law to make any transfer or credit pursuant to sub-paragraph (c)(i) or (ii)¹ above subject to withholding or deduction of taxes or duties, and as a result would, but for this sub-paragraph, be required to pay additional amounts under paragraph 6(b) of the Agreement, unless otherwise agreed between the parties, it shall only be obliged to pay such additional amounts to the extent that it could, in the relevant circumstances, have avoided, satisfied or off-set the relevant obligation to withhold or deduct (or to account for the tax withheld or deducted) by utilising any available tax credit in respect of the relevant Securities (or transactions relating to them)."

4. Corporate actions and voting

- (a) In relation to Purchased Securities or Margin Securities which are equities (and in respect of which Equivalent Securities or, as the case may be, Equivalent Margin Securities have not been transferred) Buyer, in the case of Purchased Securities, or the transferee, in the case of Margin Securities, shall notify the other party within a reasonable time after the date on which a holder of such Securities would in the normal course have received such notice from the issuer of any notice issued by the issuer of such Securities to the holders of such Securities relating to any proposed conversion, sub division, consolidation, takeover, pre-emption, option or other similar right or event affecting such Securities or of any Income payment declared in respect of such Securities. Whether or not such notice is received from the first party, the other party may
- (i) where the relevant Securities are Purchased Securities, cause the Transaction to be terminated in accordance with paragraphs 3(d), (e) and (f) of the Agreement as if the Transaction were an on demand Transaction or, where the relevant Securities are Margin Securities, request that Equivalent Margin Securities be transferred in respect of such Securities to paragraph 8(d) of the Agreement; and/or (as appropriate);
- (ii) within a reasonable time before the latest time for the exercise of the right or option give written notice to the first party that on redelivery of Equivalent Securities or Equivalent Margin Securities, as the case may be, it wishes to receive Equivalent Securities or Equivalent Margin Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice; provided that if any sum is required to be paid by a holder of the securities to the issuer or any other person in order to exercise such rights, the other party shall pay to the first party an amount equal to such sum.
- (b) Where any voting rights fall to be exercised in relation to any Purchased Securities or Margin Securities which are equities and in respect of which Equivalent Securities or, as the case may be, Equivalent Margin Securities have not been transferred, neither Buyer, in the case of Purchased Securities, nor the transferee, in the case of Margin Securities, shall have any obligation to ar-

¹ Note: this is intended to make clear that the disapplication of the gross-up provision does not apply where the buyer/transferee has failed to co-operate with the seller/transferor – in these circumstances there is no transfer under (c)(i) or (ii) and the indemnity in (c) applies.

range for voting rights of that kind to be exercised in accordance with the instructions of the other party in relation to such Purchased Securities or Margin Securities, unless otherwise agreed between the parties.

5. Transfer

- (a) Seller shall promptly pay and account for any transfer or similar duties or taxes chargeable in connection with the transfer of Purchased Securities which are equities and any Equivalent Securities in respect thereof and shall reimburse to Buyer the amount of any liability incurred by it as a result of Seller's failure to do so.
- (b) Where Margin Securities which are equities are transferred by one party to the other, the transferor (the first party) shall promptly pay and account for any transfer or similar duties or taxes chargeable in connection with such transfer as well as in connection with any subsequent transfer by the transferee (the second party) of Equivalent Margin Securities in respect thereof to the first party and shall reimburse to the second party the amount of any liability incurred by the second party as a result of the first party's failure to do so.
- (c) In relation to Transactions to which this Annex applies and unless otherwise agreed, where any Purchased Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are transferred through a settlement system which automatically generates a mandatory payment or delivery, or a mandatory obligation to pay or deliver, against the transfer of such Securities, then
 - (i) such automatically generated payment, delivery or obligation shall be treated as a payment or delivery by the transferee to the transferor, and except to the extent that it is applied to discharge an obligation of the transferee to effect a payment or delivery, such payment or delivery, or obligation to pay or deliver, shall be deemed to be a Margin Transfer made by the transferee; and
 - (ii) unless the parties shall have agreed otherwise, the party receiving such Margin Transfer shall cause to be made to the other party for value the same day either, where such Margin Transfer is a payment, an irrevocable payment in the amount of such Margin Transfer or, where such Margin Transfer is a delivery, an irrevocable delivery of Securities (or other property, as the case may be) equivalent thereto.

**TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)
BUY/SELL BACK ANNEX**

Supplemental terms and conditions for Buy/Sell Back Transactions

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated **May 31, 2007** between **Lehman Brothers International (Europe)** and **Highland CDO Opportunity Master Fund LP** (the "Agreement").

1. Scope

- (a) The parties have agreed that the Transactions to which this Agreement applies may include Buy/Sell Transactions.
- (b) In relation to Buy/Sell Back Transactions, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 3 to 5 of this Annex.

2. Interpretation

(a) In this Annex

- (i) "Accrued Interest", with respect to any Purchased Securities subject to a Buy/Sell Back Transaction, unpaid Income that has accrued during the period from (and including) the issue date or the last Income Payment Date (whichever is the later) in respect of such Purchased Securities to (but excluding) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and including) the issue date or the last Income Payment Date (as the case may be) to (but excluding) the next Income Payment Date or the maturity date (whichever is the earlier);
- (ii) "Sell Back Differential", with respect to any Buy/Sell Back Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and including) the Purchase Date for such Buy/Sell Back Transaction and ending on (but excluding) the date of calculation;
- (iii) "Sell Back Price", with respect to any Buy/Sell Back Transaction, means
 - (x) in relation to the date originally specified by the parties as the Repurchase Date pursuant to paragraph 3(b)(iii) of the Agreement, the price agreed by the Parties in relation to that Buy/Sell Back Transaction, and
 - (y) in any other case (including for the purposes of the application of paragraph 4 (margin maintenance) or paragraph 10 (Events of Default) of the Agreement), the product of the formula $(P + AI + D) - (IR + C)$, where

P = the Purchase Price

AI = the amount, equal to Accrued Interest at the Purchase Date, paid under paragraph 3(f) of this Annex

D = the Sell Back Differential

IR = the amount of any income in respect of the Purchased Securities payable by the issuer on or, in the case of registered Securities, by reference to, any date falling between the Purchase Date and the Repurchase Date

C = the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction to any such Income from (and including) the date of payment by the issuer to (but excluding) the date of calculation

- (b) References to "Repurchase Price" throughout the Agreement shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be".
- (c) In Paragraph 10(c)(i) of the Agreement (relating to Events of Default), the reference to the "Repurchase Prices" shall be construed as a reference to "Repurchase Prices and Sell Back Prices".
- (d) In the event of any conflict between the terms of this Annex III and any other term of the Agreement, the terms in this Annex shall prevail.

3. Initiation; Confirmation; Termination

- (a) Each Transaction shall be identified at the time it is entered into and in the Confirmation relating to it as either a Repurchase Transaction or a Buy/Sell Back Transaction.
- (b) In the case of a Buy/Sell Back Transaction the Confirmation delivered in accordance with paragraph 3 of the Agreement may consist of a single document in respect of both of the transactions which together form the Buy/Sell Back Transaction or separate Confirmations may be delivered in respect of each such transaction. Such Confirmations may be in the form of Annex 11 to the Agreement except that, subject to sub paragraph (c) below, such Confirmations shall not include the item specified in paragraph 10 of Annex 11.
- (c) When entering into a Buy/Sell Back Transaction the parties shall also agree the Sell Back Price and the Pricing Rate to apply in relation to that Transaction on the scheduled Repurchase Date. The parties shall record the Pricing Rate in at least one Confirmation applicable to that Buy/Sell Back Transaction.
- (d) Buy/Sell Back Transactions shall not be terminable on demand.
- (e) In the case of a Buy/Sell Back Transaction, the Purchase Price shall be quoted exclusive of Accrued Interest to the Purchase Date on the Purchased Securities and the Sell Back Price shall be quoted exclusive of Accrued Interest.
- (f) For the purposes of paragraph 3(c) of the Agreement, in the case of a Buy/Sell Back Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the payment of the Purchase Price plus an amount equal to Accrued Interest to the Purchase Price on such Purchased Securities.
- (g) In the case of a Buy/Sell Back Transaction, paragraph 3(f) of the Agreement shall not apply. Termination of such a Transaction will be effected on the Repurchase Date by transfer to Seller or its agent of Equivalent Securities against the payment by Seller of (i) in a case where the Repurchase Date is the date originally scheduled by the parties pursuant to paragraph 3(b)(iii) of the Agreement, the Sell Back Price referred to in paragraph 2(iii)(x) of this Annex plus an amount equal to Accrued Interest to the Repurchase Date; and (ii) in any other case, the Sell Back Price referred to in paragraph 2(iii)(y) of this Annex.

4. Margin maintenance: "repricing"

If the parties agree that a Buy/Sell Back Transaction is to be repriced in accordance with paragraph 4(i) of the Agreement, they shall at the time of such repricing agree the Purchase Price, the Sell Back Price and the Pricing Rate applicable to the Repriced Transaction.

5. Income Payments

Paragraph 5 of the Agreement (relating to Income payments) shall not apply to Buy/Sell Back Transactions.

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

AGENCY ANNEX

Supplemental terms and conditions for Agency Transactions

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated **May 31, 2007** between **Lehman Brothers International (Europe)** and **Highland CDO Opportunity Master Fund LP** (the "Agreement")

1. Scope and interpretation

- (a) The parties have agreed that the Transactions to which this Agreement applies may include Agency Transactions.
- (b) Subject to the following provisions of this Annex, either party may enter into Transactions as agent for a third person (a "Principal"), whether as custodian or investment manager or otherwise (a Transaction so entered into being an "Agency Transaction"). In this Annex the party entering into an Agency Transaction as agent is referred to as the "Agent" and the other party is referred to as the "other party".
- (c) In relation to Agency Transactions, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 2 to 5 of this Annex.

2. Initiation; Confirmation

- (a) A party may enter into an Agency Transaction if, but only if
 - (i) it specifies that Transaction as an Agency Transaction at the time when it enters into it and in the Confirmation;
 - (ii) it enters into that Transaction on behalf of a single Principal whose identity is disclosed to the other party (whether by name or by reference to a code or identifier which the parties have agreed will be used to refer to a specified Principal) at the time when it enters into the Transaction; and
 - (iii) it has at the time when the Transaction is entered into actual authority to enter into the Transaction on behalf of that Principal and to perform on behalf of that Principal all of that Principal's obligations under the Agreement.
- (b) A transaction shall not be entered into under the Agreement and this Annex if both parties specify that they propose to enter into that transaction as an agent.

3. Notification

Each party undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware

- (i) of any event which constitutes an Event of Default with respect to the relevant Principal; or
- (ii) of any breach of any of the warranties given in paragraph 5(c) below or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the current facts;

it will inform the other party of that fact and will, if so required by the other party, furnish the other party with such additional information as the other party may reasonably request.

4. Separate agreement

- (a) Each Agency Transaction shall be a transaction between the relevant Principal and the other party and no person other than the relevant Principal and the other party shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, the Agent shall not be liable as principal for the performance of an Agency Transaction, but this is without prejudice to any liability of the Agent under any other provision of this Annex.
- (b) All the provisions of the Agreement shall apply separately as between the other party and each Principal for whom the Agent has entered into an Agency Transaction or Agency Transactions as if each such Principal were a party to a separate agreement with the other party in all respects identical with the Agreement as supplemented by the provisions of this Annex other than this paragraph, but with the following additions and modifications –
 - (i) if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if the other party served a Default Notice or other written notice under any sub paragraph of paragraph 10 of the Agreement, the other party shall be entitled by giving written notice to the Principal (which notice shall be validly given if given to the Agent in accordance with paragraph 14 of the Agreement) to declare that by reason of that event an Event of Default is to be treated as occurring in relation to the Principal. If the other party gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given in accordance with paragraph 14 of the Agreement;
 - (ii) if the Principal is neither incorporated nor has established a place of business in Great Britain, the Principal shall for the purposes of paragraph 17 of the Agreement as so applicable be deemed to have appointed as its agent to receive on its behalf service of process in the Courts of England the Agent, or if the Agent is neither incorporated nor has established a place of business in the United Kingdom, the person appointed by the Agent under paragraph 17 of the Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other party.
- (c) The Agent shall do all such things and provide the other party with all such information as may be necessary to identify any Transaction Exposure which may arise in respect of any Principal.
- (d) The foregoing provisions do not affect the operation of the Agreement as between the other party and the Agent in respect of any Transactions into which the Agent may enter on its own account as a principal.

5. Representations and warranties

- (a) Paragraph 9(b) of the Agreement shall be deleted and replaced by the following:
 - “(b) it will engage in this Agreement and the Transactions contemplated hereunder as principal or, subject to and in accordance with the terms of the Agency Annex hereto, as agent and the conditions referred to in the Agency Annex hereto will be fulfilled in respect of each Transaction into which it enters as an agent;”.
- (b) At the beginning of the last sentence of paragraph 9 of the Agreement there shall be added the words “Subject to the Agency Annex hereto,”.
- (c) Each party warrants to the other that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, be duly authorised to enter into that transaction on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the Agreement.

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

ITALIAN ANNEX

**Supplemental terms and conditions for transactions in
Italian Domestic Purchased Securities or Italian Bonds**

1. Scope

In the event of Repurchase Transactions or Buy/Sell Back Transactions in Domestic Purchased Securities (as defined below) or in Italian Bonds (as defined below) whether or not such Italian Bonds fall within the definition of Domestic Purchased Securities, the following provisions shall apply and, where in conflict with any other term of the Agreement or of the Buy/Sell Back Annex, they shall prevail.

2. Interpretation

- (a) The following definition shall be added to paragraph 2 of the Agreement-

“Domestic Purchased Securities” means Purchased Securities which are issued in Italy whether or not the issuer thereof is incorporated in Italy or has a presence in Italy.

- (b) The following definitions shall replace the corresponding definitions contained in paragraph 2 of the Buy/Sell Back Annex-

(i) “Accrued Interest”, with respect to any Domestic Purchased Securities unpaid Income that has accrued during the period from (and excluding) the issue date or the last Income Payment Date (whichever is the later) in respect of such Domestic Purchased Securities to (and including) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and excluding) the issue date or the last Income Payment Date (as the case may be) to (and including) the next Income Payment Date or the maturity date (whichever is the earlier).

(ii) “Sell Back Differential”, with respect to any Transaction in Domestic Purchased Securities as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction (on a 360 day basis unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and excluding) the Purchase Date for such Transaction and ending on (and including), the date of calculation.

- (c) References to “Repurchase Price” and to “Sell Back Price” throughout this Annex shall be construed as references to “Repurchase Price or the Sell Back Price, as the case may be”.

3. Settlement method

The settlement method in relation to Transactions in Domestic Purchased Securities shall be “in the counter” (giornaliera titoli) unless the parties in the relevant Confirmation agree that such settlement method shall be “over the counter” (Conto Accentrato Titoli (CAT) copertura giornaliera) (such terms having the meanings specified in the relevant regulations issued by the Bank of Italy).

4. Late delivery

- (a) In connection with a Transaction in Domestic Purchased Securities, if seller fails to deliver Domestic Purchased Securities to Buyer on the Purchase Date or Buyer fails to deliver Securities equivalent to Domestic Purchased Securities on the Repurchase Date and Buyer or, as the case may be, Seller (the “affected party”) elects to terminate the Transaction in accordance with paragraph 10(g)(iii) or, as the case may be paragraph 10(h)(iii) of the Agreement, the parties agree that for the purposes of paragraph 10(c) –

- (i) If the affected party has at any time in the period beginning on the date on which the failure occurred and ending at the Default Valuation Time, purchased, whether by way of a repurchase transaction, buy and sell back transaction or otherwise, Securities forming part of the same issue and being of an identical type and description as those Purchased Securities or Equivalent Securities, the affected party shall, to the extent that it does not fall within paragraph 10(e), treat the cost of such purchase (including all Transaction Costs) as the Default Market Value of those Securities;
- (ii) in calculating the Default Market Value, Transaction Costs incurred in connection with a purchase of Securities under paragraph 10(e)(i)(A)(aa) or (bb) shall include-
 - (aa) any costs imposed by the Bank of Italy as a result of the failure; and
 - (bb) an amount equal to interest on the amount of any deposit which the affected party is required to make with the Bank of Italy at the greater of the Pricing Rate for the relevant Transaction and EURIBOR (on a 360 day basis unless otherwise agreed by the parties to the Transaction) which shall be payable by the other party to the affected party.
- (b) If buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date, Seller may by written notice to the other party, elect to adjust the Transaction in accordance with sub-paragraph (c) below.
- (c) The adjustment of a Transaction (the "Original Transaction") under this subparagraph shall be effected as follows. The Original Transaction shall be terminated on the Repurchase Date for the Original Transaction and the parties shall be deemed to enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions-
 - (i) the Purchase Date under the Replacement Transaction shall be the Repurchase Date under the Original Transaction;
 - (ii) the Purchased Securities under the Replacement Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iii) the Purchase Price under the Replacement Transaction shall, unless otherwise agreed, be the Market Value of the Purchased Securities for that Transaction on the Purchase Date for the Replacement Transaction as determined by Seller;
 - (iv) the Pricing Rate under the Replacement Transaction shall, unless otherwise agreed, be minus five per cent;
 - (v) the Repurchase Date under the Replacement Transaction shall be the Business Day following the Purchase Date under the Replacement Transaction;
 - (vi) the Margin Ratio and, subject as aforesaid, the other terms of the Replacement Transaction shall, unless otherwise agreed, be identical to those of the Original Transaction; and
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Replacement Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum be paid by one party to the other. If such net sum is payable by Seller to Buyer, that sum shall be payable on the Repurchase Date under the Replacement Transaction.
- (d) If the Repurchase Date for any Transaction Buyer delivers to Seller part only of the Equivalent Securities which it should have delivered (the "Delivered Securities" and the part of the Equivalent Securities which Buyer has failed to deliver being the "Undelivered Securities") Seller shall not be obliged to accept delivery of the Delivered Securities but instead may elect to terminate that Transaction in accordance with paragraph 10(h)(iii) of the Agreement, in which case sub-paragraph (a) above shall apply. If Seller elects to accept delivery of the Delivered Securities

ties, the Transaction shall be terminated and Buyer and Seller shall be deemed to enter into a new Transaction in respect of the Undelivered Securities in accordance with the provisions of sub-paragraph (e) below.

- (e) Where this paragraph applies, the Transaction (the "Terminated Transaction") shall be terminated. Upon such termination, Buyer shall transfer to Seller or its agent the Delivered Securities against payment by Seller of the proportion of the Repurchase Price which corresponds to the Delivered Securities and the parties shall be deemed to enter into a new Transaction on the following terms-
- (i) the Purchase Date under the new Transaction shall be the Repurchase Date under the Terminated Transaction;
 - (ii) the Purchased Securities under the new Transaction shall be Securities equivalent to the Undelivered Securities;
 - (iii) the Purchase Price under the new Transaction shall be the Market Value of the Undelivered Securities at the Purchase Date under the new Transaction as determined by Seller;
 - (iv) the Repurchase Date under the new Transaction shall be the Business Day following the Purchase Date under the new Transaction;
 - (v) the Pricing Rate under the new Transaction shall, unless otherwise agreed, be minus five per cent;
 - (vi) the Margin Ratio and, subject as aforesaid, the other terms of the New Transaction shall, unless otherwise agreed, be identical to those of the Terminated Transaction; and
 - (vii) the obligations of the parties with respect to the delivery of the Undelivered Securities and the payment of that part of the Repurchase Price which corresponds to the Undelivered Securities under the Terminated Transaction shall be set off against their obligations with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the new Transaction and accordingly only a net cash sum shall be paid by Seller to Buyer. If such net sum is payable by Seller to Buyer, that sum shall be payable on the Repurchase Date under the new Transaction.

5. Withholding tax

- (a) Transactions in Domestic Purchased Securities between an Italian resident and a counterparty which is not resident in Italy for Italian tax purposes (but excluding the foreign branches of entities incorporated in Italy) where the non-Italian party is Buyer, are subject to the then applicable withholding tax in accordance with the following formula which provides the adjustment of the originally agreed Pricing Rate (such adjustment expressed as a percentage, the "Pricing Rate Adjustment") in such a manner which reduces the Pricing Rate by a percentage equal to the relevant applicable withholding tax rate on any capital gains realised on the relevant Domestic Purchased Securities unless otherwise provided in any applicable tax treaty.

$$\text{Pricing Rate Adjustment} = (\text{Pssnt} - \text{Pssnp}) \times \text{Awtr} \times (360/\text{gg}) \times (100/\text{Pssnp})$$

Pssnt =	Prezzo supersecco netto a termine	Sell Back Price net of accrued interest and matured original issue discount
Pssnp =	Prezzo supersecco netto a pronti	Purchase price net of accrued interest and matured original issue discount
Awtr =	Tasso della ritenuta d'imposta applicabile	Applicable withholding tax rate

gg = giorni di durata della Transaction number of days in the Transaction (excluding the Purchase Date and including the Repurchase Date).

To the extent that the withholding tax referred to above is applicable to Buyer and Seller is required to pay the amount of such withholding tax to the Italian tax authorities, Seller shall be entitled to deduct the amount of such tax from the Repurchase Price as adjusted in accordance with the Pricing Rate Adjustment or, within ten days of the demand of Seller to make the relevant payment, Buyer shall reimburse Seller in respect of the amount required to be paid by it. Seller shall, upon demand by Buyer, provide Buyer with appropriate evidence of the amount of tax deducted and paid to the Italian tax authorities as Buyer may reasonably require to obtain any tax relief under any applicable tax treaty or to obtain any tax credit in respect of its income in the country in which it is resident or out of which it is acting.

(b) Should Buyer be-

(i) resident in a country with which Italy has entered into a double tax treaty which recognises the Italian tax authorities' right to exchange information with the tax authorities of such country; or

(ii) a supranational entity

no withholding tax shall apply pursuant to Article 26bis of Presidential Decree no.600 of 29th September, 1973.

6. Construction of Buy/Sell Back Annex

The provisions of the Buy/Sell Back Annex shall apply to Buy/Sell Back Transactions in Domestic Purchased Securities as if –

- (a) references to Buy/Sell Back Transactions shall be construed as references to Buy/Sell Back Transactions in Domestic Purchased Securities; and
- (b) references to Purchased Securities shall be construed as references to Domestic Purchased Securities.

7. Income

(a) Unless otherwise agreed –

- (i) paragraph 5 of the Agreement shall apply without modification in respect of any payment of Income in respect of Italian Bonds which could be received without a withholding or deduction on account of Italian tax being made at source by an owner of such Italian Bonds which is a body corporate resident in Italy or in one of the jurisdictions listed in Decree of the Minister of Finance of the Republic of Italy dated 4th September, 1996 issued pursuant to Legislative Decree no. 239 of 1st April, 1996 having an appropriate double tax treaty with Italy (whether or not either of the parties is such a body corporate);
- (ii) paragraph 5 of the Agreement shall be modified, in its application to any payment of Income in respect of Italian Bonds other than such a payment falling within sub-paragraph (i) above, by deducting from the amount required to be transferred or credited under that paragraph an amount equal to any amount which would, on the assumption that Buyer owned the Italian Bonds at the relevant Income Payment Date, be withheld or deducted at source on account of Italian tax;
- (iii) in relation to Buy/Sell Back Transactions in Italian Bonds, the amount "IR" in the formula for computing the Sell Back Price pursuant to paragraph 2(iii)(y) of the Buy/Sell Annex shall be calculated on the same basis as the amount required to be transferred or credited pursuant to paragraph 5 is calculated in accordance with sub-paragraphs (i) and (ii) above;

- (iv) without prejudice to the provisions set out in the final sentence of sub-paragraph 5(a) above, neither party shall be obliged to deliver or transfer to the other, or to account to the other for, any tax credits or refunds to which it may become entitled in respect of Income on Italian Bonds; and
 - (v) paragraph 11 of the Agreement (Tax Event) shall not apply to any Transaction by virtue of any Italian Bonds ceasing to be Securities in respect of which a deduction or withholding on account of Italian tax is required to be made in respect of a payment of Income to such an owner as is referred to in sub-paragraph (i) above.
- (b) For the purposes of this paragraph "Italian Bonds" means any Securities which are issued by the Italian government or local authorities (or the Securities which for Italian tax purposes are treated likewise) or by other entities and to which the provisions of Legislative Decree no. 239 of 1st April, 1996, as amended, granting a special tax treatment will apply.

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

JAPANESE SECURITIES ANNEX

Supplemental terms and conditions for Transactions in Japanese Securities

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated May 31, 2007 between **Lehman Brothers International (Europe)** and **Highland CDO Opportunity Master Fund LP** (the "Agreement").

1. Scope

Paragraphs 2 and 3 of this Annex apply to all Transactions involving Securities issued in Japan ("Japanese Securities"), but not to other Transactions in other Securities. Paragraphs 2 and 4 of this Annex apply where (a) one of the parties is, and the other party is not, resident in Japan for tax purposes and (b) where the parties have agreed that the Purchased Securities for Transactions will comprise or include Exempt Securities. For the purpose of this Annex "Exempt Securities" means Securities which are specified in the Tax Special Measurement Law (sozei tokubetsu sochi hou) and the Cabinet Order of the Tax Special Measurement Law for the purpose of the exemption from the withholding of the interests received from certain Japanese financial institutions as specified in the Tax Special Measurement Law, with respect to the transactions of sale and repurchase of, or those of the sale and purchase with buy/sell back conditions of, the certain securities; provided that such transactions meet the requirements as provided in the relevant laws and regulations.

2. Interpretation

- (a) Paragraph references are to paragraphs in the Agreement unless otherwise set out herein.
- (b) In the event of any conflict in the terms and conditions of this Annex and any other term of the Agreement or any Annex to the Agreement, the terms in this Annex shall prevail.

3. Amendments to Agreement

- (a) In respect of Japanese Securities, paragraph 2(t) is amended by deleting the word "and" after the phrase "(ii) part of the same issue;" in line 2 and inserting the following phrase immediately after the word "amount" in line 3:
"; and (iv) of the same treatment relating to the withholding or deduction of taxes or duties"
- (b) In respect of Japanese Securities, the following phrase is inserted at the end of paragraph 2(aa) after "such Margin Transfer" in line 2:
"but excluding Net Paying Securities issued in Japan".
- (c) For the avoidance of doubt, "Net Paying Securities" defined in paragraph 2(ff) includes Japanese Securities in respect of which a transferee would, on the Income Payment Date following a transfer to it, be subject to a withholding on account of income tax on all or part of the Income that has accrued during the calculation period ending on that Income Payment Date due to any facts or circumstances existing prior to the transfer to the transferee.
- (d) Paragraph 6(a) is amended as follows:

Unless otherwise agreed, all money paid hereunder (i) shall be settled through the Bank of Japan Financial Network System ("BOJ Net"), or (ii) shall be immediately available, freely convertible funds of the relevant currency. All securities to be transferred hereunder (i) shall be transferred through the BOJ Net, or (ii) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (iii) shall be transferred through the book entry system of Euroclear or Clearstream, or (iv) shall be transferred through

any other agreed securities clearance system, or (v) shall be transferred by any other method mutually acceptable to Seller and Buyer.

- (e) Paragraph 6(h) shall not apply with respect to payments in connection with the transfer of Japanese Securities.
- (f) Paragraph 6(i) shall not apply with respect to the transfer of Japanese Securities.

4. Act of Insolvency

- (a) Notwithstanding paragraph 2(a)(iv), an "Act of Insolvency" shall occur with respect to any party hereto immediately upon the filing of a petition in respect of it (including by the counterparty to the Agreement in respect of any obligation under the Agreement) with any court in Japan for the bankruptcy (hasan), corporate reorganisation (kaisha kosei) or civil rehabilitation (minji saisei) of such party, regardless of the "not having been stayed or dismissed within 30 days of its filing" provision.
- (b) Notwithstanding paragraph 10(a)(vi), the occurrence with respect to Seller or Buyer of an Act of Insolvency identified in the preceding paragraph 4(a) of this Annex shall constitute an Event of Default without the service of a Default Notice on the Defaulting Party; provided, however, that any party hereto who has become aware of such an Act of Insolvency shall immediately notify the other party of such occurrence.

Except as amended herein, the Agreement shall continue to have full force and effect in all respects.

U.S. ADDENDUM

This U.S. Addendum constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated as of May 31, 2007 between Lehman Brothers International (Europe) and Highland CDO Opportunity Master Fund LP (the "Agreement").

1. Scope.

(a) The parties have agreed that –

- (i) The Transactions to which this Agreement applies may include Transactions in respect of which the Purchased Securities consist of or include U.S. Securities; and
- (ii) A transfer of Margin Securities may consist of or include U.S. Securities,

and the terms and conditions of this Addendum shall apply to such Transactions and transfers of Margin Securities.

2. Interpretation.

In this Addendum, U.S. Securities shall include U.S. Treasury instruments, U.S. Agencies, U.S. corporate bonds and any other securities that are cleared primarily through a clearance facility in the United States.

3. Amendments to the Agreement.

(a) Paragraph 6(a) is amended by the addition of the words "or a Federal Reserve Bank" after the words "or Clearstream" in subparagraph (ii) thereof.

(b) Tax Forms.

- (i) With respect to Income Payments, the following is inserted after the phrase "to such a withholding or deduction" at the end of paragraph 5 of the Agreement:

" , subject to the Seller (for the purpose of paragraph 5(i)), or the first party (for the purposes of paragraph 5(ii)), validly completing and delivering to the Buyer or the second party, as the case may be, the appropriate W-8 or W-9 form (and such other documentation as may reasonably be requested). In the event that the Seller or the first party, as the case may be, does not provide such forms and other relevant documentation, the Buyer or second party, as the case may be, may deduct such amounts as may be required by applicable law and shall not be required to pay to or to indemnify the Seller or first party, as the case may be, in respect of such amounts deducted."

- (ii) With respect to Payment and Transfer, the following is inserted at the end of paragraph 6(b) of the Agreement:

"Such money payable and additional amounts will only be payable where the receiving party has validly completed and delivered to the paying party the appropriate W-8 or W-9 form (and such other documentation as may reasonably be requested) as the case may be. In the event that the receiving party does not deliver to the paying party such forms and other documentation, the paying party may deduct such amounts as may be required by applicable law and shall not be required to pay to or to indemnify the receiving party in respect of such amounts deducted."

4. Additional Provisions.

(a) Subsections (b) through (e) of this Section 4 will apply separately or cumulatively as follows:

- (i) Subsections (b) and (c) of this Section 4 will apply in the event either party to the Agreement resides, has a domicile or a place of business or property in the United States.

- (ii) Subsections (d) and (e) will apply in the event that either party to the Agreement is a broker or dealer registered with the SEC (as defined in Sub-section (d)(i)) under Section 15 of the 1934 Act (as defined in Sub-section (d)(i)).
- (iii) In the event that either or both of Subsections (a)(i) or (a)(ii) of this Section 4 applies, Paragraph 17 is amended by the addition of the following after the word "England" in the first line thereof:

"except that all terms and phrases which are used in this Agreement and which expressly refer to statutory provisions of the United States of America or any State thereof shall be governed by and construed in accordance with the federal laws of the United States of America and the laws of such State without giving effect to the conflict of law principles thereof."

(b) Intent -

- (i) The parties recognise that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Codes, as amended (except insofar as the type of Securities subject to such Transaction or the term of such transaction would render such definition inapplicable).
- (ii) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder, or to exercise any other remedies pursuant to Paragraph 10 hereof, is a contractual right to liquidate such Securities as described in Sections 555 and 559 of Title of the United States Code, as amended."

- (c) Security Interest. Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Party B shall be deemed to have pledged to Party A as security for the performance by Party B of its obligations under each such Transaction, and shall be deemed to have granted to Party A a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

(d) Disclosures Relating to Certain Federal Protections.

- (i) The parties acknowledge that they have been advised that in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;
- (ii) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and
- (iii) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

(e) Segregation of Purchased Securities.

- (i) To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as

subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

- (ii) Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they may be subject to liens granted by Seller to third parties and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy any lien or to obtain substitute securities.

EXHIBIT B

06/08/2005

16:41

LEHMAN + 916467582653

NO. 504

001

**UNANIMOUS WRITTEN CONSENT OF THE
EXECUTIVE COMMITTEE OF THE
BOARD OF DIRECTORS OF
LEHMAN BROTHERS HOLDINGS INC.**

The undersigned, being both members of the Executive Committee of the Board of Directors of Lehman Brothers Holdings Inc., a Delaware corporation (the "Corporation"), do hereby adopt the following resolutions by unanimous written consent in lieu of a meeting in accordance with Section 141(f) of the General Corporation Law of the State of Delaware:

WHEREAS, the Corporation has previously authorized by specific resolution, which authority has not been revoked (the "Outstanding Guarantee Resolutions"), the guarantee of all or specified obligations and liabilities of certain direct and indirect subsidiaries of the Corporation, each of which is a "Guaranteed Subsidiary" as such term is used in the Corporation's Code of Authorities as currently in effect (the "Code"),

WHEREAS, certain of the Guaranteed Subsidiaries presently enjoy full guarantees while others have only partial guarantees, and the Corporation now wishes to expand such partial guarantees to full guarantees,

WHEREAS, due to the passage of time the names of certain of the Guaranteed Subsidiaries have changed, rendering the Outstanding Guarantee Resolutions out of date to that extent,

WHEREAS, the Corporation wishes to clarify that its guarantee of any Guaranteed Subsidiary with respect to any given transaction is not contingent upon the issuance of a signed guarantee pertaining to such transaction,

WHEREAS, Management wishes to establish additional Guaranteed Subsidiaries,

WHEREAS, Management wishes to specify that to the extent lawful and allowable, guarantees issued by the Corporation concerning certain of the Guaranteed Subsidiaries should originate with the branch of the Corporation located in London, England, so as to secure certain tax and accounting benefits, and

WHEREAS, Management believes that it would facilitate the conduct of the business of the Corporation to supersede and replace the various Outstanding Guarantee Resolutions in their entirety with this single document,

NOW THEREFORE BE IT,

05-09-05 11:01 JDM INVESTMENTS

ID-2023680294

NO.290 004 P.02
NO.504 002

DE. 05. 2005 27:11 - 21027380294
26/05/2005 18:41 LE-074N + 31548750293

RESOLVED, that the Corporation hereby fully guarantees the payment of all liabilities, obligations and commitments of the subsidiaries set forth on Schedule A hereto, each of which shall be a Guaranteed Subsidiary for purposes of the Code;


RESOLVED, that the Outstanding Guarantee Resolutions are hereby superseded and replaced in their entirety with this single document, provided that any guarantees provided pursuant to the Outstanding Guarantee Resolutions and outstanding on the date hereof, whether in the form of a separately executed individual guarantee or otherwise, shall remain issued, outstanding and valid for all purposes;

RESOLVED, that guarantees provided by the Corporation concerning certain of the Guaranteed Subsidiaries should originate with the branch of the Corporation located in London, England, to the extent lawful and allowable, as specified on Schedule A hereto;

RESOLVED, that each of the persons listed in the Code (as it may be amended from time to time) as being authorized to approve individual guarantees issued by the Corporation with respect to Guaranteed Subsidiaries, or any proper delegate thereof (collectively, "Authorized Persons"), are hereby authorized, in the name and on behalf of the Corporation, to execute such guarantees in such form as is approved by an attorney of the Corporation and such Authorized Person, subject to any limitations specified herein, his or her execution of each such guarantee to be conclusive evidence of approval thereof; and to do such other acts and things as may be advisable or necessary in order to effect the purposes and intent of these resolutions; and

FURTHER RESOLVED, that any and all actions contemplated by the foregoing resolutions and taken by such Authorized Persons prior to the date hereof are hereby ratified, confirmed and approved in all respects.

Dated: June 1, 2005


Richard S. Fuld, Jr.


John D. Macomber

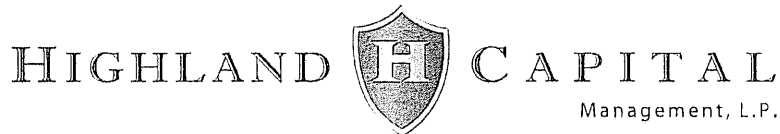
06/08/2005 16:41 LEHMAN → 915467582653

NO.504 003

Schedule A
to LBHI Unanimous Written Consent
dated June 9, 2005

	Name of Subsidiary	Issue Corporation guarantee from branch located in London, England, to the extent lawful and allowable?
1.	Lehman Brothers Asia Holdings Limited	No
2.	Lehman Brothers Bankhaus A.G.	Yes (London branch of such subsidiary only)
3.	Lehman Brothers Commercial Bank	No
4.	Lehman Brothers Commercial Corporation	No
5.	Lehman Brothers Commercial Corporation Asia Limited	No
6.	Lehman Brothers Equity Finance (Cayman) Limited	No
7.	Lehman Brothers Finance S.A.	No
8.	Lehman Brothers Holdings Plc	Yes
9.	Lehman Brothers International (Europe)	Yes
10.	Lehman Brothers Japan Inc.	No
11.	Lehman Brothers (Luxembourg) Equity Finance S.A.	No
12.	Lehman Brothers (Luxembourg) S.A.	No
13.	Lehman Brothers OTC Derivatives Inc.	No
14.	Lehman Brothers Securities Asia Limited	No
15.	Lehman Brothers Securities N.V.	No
16.	Lehman Brothers Special Financing Inc.	No
17.	Lehman Brothers Treasury Co. B.V.	No
18.	Lehman Re Limited	No

EXHIBIT C



Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
13445 Noel Road
Two Galleria Tower, Suite 800
Dallas, TX 75241

September 17, 2008

VIA COURIER, FACSIMILE AND EMAIL

Lehman Brothers International (Europe) – Head Office
25 Bank Street
London E14 5LE
England
Attention: Transaction Management (London)
Facsimile: 44 (20) 7102 2044
email: ysharp@lehman.com; gtarry@lehman.com

DEFAULT NOTICE

Re: TBMA/ISMA Global Master Repurchase Agreement (2000 Version) between Lehman Brothers International (Europe) (“you”) and Highland CDO Opportunity Master Fund, L.P. (“we”) dated May 31, 2007 (including all Annexes thereto, and as may be amended, supplemented or modified from time to time, the “Agreement”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

This letter serves as a Default Notice to you that an Event of Default has occurred with respect to you under Paragraph 10(a)(vi) of the Agreement and that, pursuant to Paragraph 10(b) of the Agreement, the Repurchase Date for all Transactions under the Agreement has occurred as of September 15, 2008. We will notify you of the balance due under the Agreement in accordance with Paragraph 10(c) of the Agreement.

HIGHLAND CDO OPPORTUNITY MASTER FUND, L.P.

By: Highland CDO Opportunity Fund GP, L.P., its general partner

By: Highland CDO Opportunity Fund GP, LLC, its general partner

By: Highland Capital Management, L.P. its sole member

By: Strand Advisors, Inc., its general partner


By: 
Name: Todd Travers
Title: Asst. Secretary

EXHIBIT D

DEFAULT VALUATION NOTICE UNDER
GLOBAL MASTER REPURCHASE AGREEMENT

To: Lehman Brothers International (Europe) – Head Office (“**Party A**”)
Address: 25 Bank Street, London E14 5LE, England
Attention: Transaction Management (London)
Phone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
Email: vsharp@lehman.com; gtarry@lehman.com

From: Highland CDO Opportunity Master Fund, L.P. c/o Highland Capital
Management, L.P (“**Party B**”)
13455 Noel Road
Two Galleria Tower, Suite 800
Dallas, TX 75241
Phone: 972-628-4100
Facsimile: 972-628-4147

Date: September 26, 2008

Re: BMA Global Master Repurchase Agreement (2000 Version) dated as of May 31,
2007 between Party A and Party B and each of the Annexes related thereto and
all Confirmations and Transactions thereunder, in each case, as such documents
are amended and supplemented from time to time (collectively, the “**Agreement**”)

Pursuant to paragraph 10(c)(i) of the Agreement, Party B hereby provides to Party
A this Default Valuation Notice setting forth amounts due and payable as a result of the early
designation of the Repurchase Date in respect of all Transactions under the Agreement pursuant
to the Notice of Termination provided by Party B to Party A effective September 15, 2008
following an Event of Default in relation to Party A.

Party B hereby demands payment from Party A in the amount of \$8,753,248.22
as calculated pursuant to Annex A hereto (the “Payment Amount”). The Payment Amount is due
and payable on the Business Day immediately following receipt of this calculation statement by
Party A pursuant to Section 10(c)(ii) of the Agreement, and shall be paid by Party A in
immediately available funds to the following account:

Payment to:

The Bank of New York
ABA #: 021 000 018
For credit to GLA: 211551
FFC Account #: 771898
Attention: Marisela Rodriguez, 713-483-6604
Reference: (Borrower Name, Type of Payment/description)
Email: mariselarodriguez@bankofny.com

Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Agreement.


HIGHLAND CDO OPPORTUNITY MASTER FUND, L.P.

By: Highland CDO Opportunity Fund GP, L.P., its general partner

By: Highland CDO Opportunity Fund GP, LLC, its general partner

By: Highland Capital Management, L.P. its sole member

By: Strand Advisors, Inc., its general partner

By: 

Name: Mark Okada

Title: Executive Vice President

Annex A to Calculation Statement

Default Market Value of Equivalent Securities

Determined pursuant to paragraph 10(e)(i) –

1 - In respect of those Deliverable Securities or Receivable Securities that since the occurrence of the Event of Default in respect of Party A, Party B has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities, and that the non-Defaulting Party elects to treat as the Default Market Value the amount calculated by Party B pursuant to paragraph 10(e)(i)(A) as follows:

Default Market Value of Deliverable Securities

\$ _____ 0 _____

Default Market Value of Receivable Securities

\$ _____ 0 _____

2 - In respect of those Deliverable Securities or Receivable Securities that Part B has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size, that Party B elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities pursuant to paragraph 10(e)(i)(B)(cc).

Default Market Value of Deliverable Securities

\$ _____ 0 _____

Default Market Value of Receivable Securities

\$ _____ 0 _____

3 - In respect of those Deliverable Securities or Receivable Securities, that either (x) acting in good faith, Party B has endeavoured but been unable to sell or purchase Securities in accordance with paragraph 10(i)(A) of the Agreement or to obtain quotations in accordance with paragraph 10(i)(B) of the Agreement (or both) or (y) Party B has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under paragraph 10(i)(B) of the Agreement, that Party B has determined the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and that the non-Defaulting Party elects to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities as follows:

Net Value of Receivable Securities

\$ 0

minus Transaction Costs

\$ 0

Net Value of Deliverable Securities

\$ 8,552,387.52

plus Transaction Costs

\$ 0

Cash Margin

\$ 194,664.02

Expenses and Interest

\$ -10,735.47	All in term Repo Financing value
\$ 10,000.00	Legal Expense – Schulte Roth & Zabel
\$ 1,050.00	Legal Expense – Brian Albert
\$ 5,882.15	Net amount interest 9/15/08-9/22/08

Amounts incurred by Party B and payable by Party A pursuant to paragraph 10(f) of the Agreement by way of Expenses, Interest and otherwise.

~~Expenses and Costs of Replacement Transactions and Hedging Transactions~~

\$ 0 Amounts incurred by Party B and payable by Party A pursuant to paragraph 10(k)(1) and (2) of the Agreement.

Total Net Amount Now Due to Party B \$ 8,753,248.22

Subject to accrual interest at default rate of LIBOR from date due to date paid in full

Calculations details are attached hereto on the following pages.

Cusip	Security	Par	Lehman Security Bid Price	Lehman Security Ask or Market Price (8/10/08)	Offered Price	Security Market Value	All In Term Financing Value	Rep's Loan Amount	Current Bond Coupon	Estimated Coupon Accrue Date	Accrued Interest	Underlying Bond	Value
33225VAE3	LIGHT 2006-5A-B	9,500,000	68.9600	68.9632	67.7131	6,159,423.50	(3,429.55)	3,930,720.00	3.51%	8/1/2008	34,285.66	2,260,569.61	2,260,569.61
MSFP 2007-1A C		10,000,000	75.0000	75.0000	75.5546	7,555,460.00	(2,095.13)	5,572,000.00	4.75%	7/21/2008	7,111.81	2,097,676.08	2,097,676.08
55688A05	MSFP 2007-1A D	10,000,000	75.0000	75.0000	75.5546	7,555,460.00	(2,095.13)	5,572,000.00	4.75%	7/21/2008	7,111.81	2,097,676.08	2,097,676.08
55688BA03	MSFP 2007-1A E	10,000,000	73.4300	71.5265	65.4481	2,617,584.00	(2,075.62)	1,174,800.00	9.25%	7/21/2008	53,400.38	1,494,408.66	1,494,408.66
55688BA04	MSFP 2006-4A-B	2,000,000	64.2000	64.2000	65.6524	1,317,249.00	(672.17)	770,000.00	3.54%	7/19/2008	11,979.72	559,155.55	559,155.55
90524AAC2												\$ 3,411,852.05	
											Cash Collateral Posted	194,451.00	
											Interest due on Cash Collateral	23.02	
											Total Cash Collateral and Interest	\$ 194,464.02	
											Net Value	\$ 3,736,316.07	

Jason Post

From: Ryan Grateke
Sent: Wednesday, September 17, 2008 9:31 AM
To: Jason Post
Subject: CDO Fund Wire Instructions

The Bank of New York



Attention: Marisela Rodriguez, 713-483-6604
Reference: (Borrower Name, Type of Payment/description)
Email: mariselarodriguez@bankofny.com

Ryan Grateke
Highland Capital Management, LP
13455 Noel Road, Suite 800
Dallas, TX 75240
Office: 972-628-4168
Fax: 972-628-4142
www.hcmlp.com

LightPoint CLO V current collateral reporting as of August 1, 2008

53225VAES CUBLE Security
Export to Excel LIGHT-2008-SA B
Export to PDF

Tranche	B (53225-vaes)	Orig Face \$	FULL	Sellie Date	T-3	on-the-run Yield Curve The Yield Curve controls the pricing spreads, not the cashflows. Cashflows can be controlled in lot										as of
							1 mo	3 mo	6 mo	2 yr	5 yr	10 yr	30 yr			

Forecast Assumptions
Start

Units
No Rate Shock
Prepay using CPR
Default using CPR
Loss recovery %
Collat Rec - Retained % per model
per model - Interest
per model - Liquidation Price
Triggers per model
Calls per model

1 day +
2 day +
3 day +
4 day +
5 day +
6 day +
7 day +

Solver
Detail
Disc Margin 650

Analytic Results

Results Table

645

Additional Analytics

655 Cashflows
Deal Loss
Waterfall
Index Results
Forecasted Triggers

\$/100 Yield
64.9783-10.5775
66.7473-10.6285
64.5084-10.6786
||

WAL
WAL of Interest Payments
Principal Window
Principal Writedown
Principal Writedown Percentage
Accum Int Shortfall
Accum Int Shortfall %
Min Credit Support Pct
Maturity #mos
Mod Durm
Mod Convexity
Net Asset Loss
Net Asset Loss Percentage
Net Asset Loss (+ Historical)
Net Asset Loss (+ Historical) Percentage
Net Asset Liquidation
Net Asset Liquidation Percentage

9.45
5.19
Nov17 - May18
0
0.0096
0
116
7.017
0.613
30.684, 515.25
3.28%
30.684, 515.25
5.13%
107,671,655.23
18.54%

Rates Forecast

Rates refreshed: 08:00 PM EDT

Forecast Rates Month	LIBOR_1MO LIBOR_2MO LIBOR_3MO LIBOR_6MO PRIME				
	1	2	3	4	5
1	3.03	3.049	3.063	3.252	
2	3.060273	3.071744	3.179306	3.273734	
3	3.075972	3.200583	3.287246	3.29227	
4	3.377714	3.389469	3.414851	3.304694	
5	3.412165	3.428707	3.441602	3.280414	
6	3.428581	3.446111	3.458541	3.260414	
7	3.158641	3.168481	3.157497	3.146833	
8	3.159576	3.163587	3.152655	3.110653	
9	3.1499	3.136175	3.13226	3.050844	
10	3.115275	3.115764	3.101609	2.973253	
11	3.109183	3.09576	3.044363	2.881407	
12	3.057419	3.004571	2.946357	2.773236	
13	2.844421	2.88348	2.823006	2.659498	
14	2.81553	2.78554	2.687910	2.555051	
15	2.689141	2.652884	2.581103	2.487807	
16	2.685658	2.641414	2.568658	2.401601	
17	2.468718	2.427112	2.386925	2.369337	
18	2.382608	2.355935	2.339815	2.366823	
19	2.324448	2.313525	2.318195	2.411452	
20	2.39515	2.395102	2.3287	2.498417	
21	2.30963	2.339485	2.386074	2.627114	
22	2.354807	2.419539	2.453276	2.750545	
23	2.469604	2.552483	2.652881	2.975985	
24	2.62895	2.795999	2.851147	3.184853	
25	2.841022	2.953269	3.058895	3.382844	
26	3.062266	3.118318	3.208183	3.595584	
27	3.167864	3.266168	3.35376	3.776584	
28	3.487895	3.591018	3.68803	3.995584	
29	3.683436	3.778425	3.89667	4.079113	
30	3.851562	3.94617	4.022486	4.189775	
31	4.017046	4.088805	4.151923	4.267005	
32	4.147873	4.204881	4.250771	4.307787	
33	4.247209	4.288652	4.313874	4.315521	
34	4.311436	4.331575	4.337086	4.295045	
35	4.345135	4.354312	4.319205	4.255166	
36	4.368274	4.368274	4.282387	4.205387	
37	4.365733	4.333368	4.20538	4.17559	
38	4.193469	4.170156	4.148322	4.085834	
39	4.132411	4.111146	4.082512	4.051421	
40	4.076471	4.059585	4.043319	4.01572	
41	4.02702	4.012917	4.001784	3.980132	
42	3.985439	3.975639	3.969715	3.976059	
43	3.95311	3.948736	3.948341	3.974901	
44	3.931415	3.932899	3.939061	3.967478	
45	3.921735	3.930008	3.942267	4.012167	
46	3.924633	3.941182	3.954253	4.054627	
47	3.93585	3.971919	3.99538	4.097505	
48	3.978511	4.009554	4.041208	4.132548	
49	4.027344	4.05905	4.090049	4.177922	
50	4.077073	4.107615	4.137337	4.220584	
51	4.124146	4.153358	4.181634	4.25594	
52	4.168244	4.195957	4.222618	4.285364	
53	4.20905	4.235094	4.259868	4.326531	
54	4.246244	4.270448	4.283362	4.353414	
55	4.278599	4.3017	4.32248	4.375386	
56	4.30823	4.328528	4.34669	4.39444	
57	4.335264	4.352654	4.36887	4.409735	
58	4.357538	4.373538	4.38955	4.415133	
59	4.366899	4.37928	4.39072	4.420869	
60	4.375737	4.385848	4.395085	4.430068	
61	4.379988	4.390251	4.401107	4.437739	
62	4.384511	4.395523	4.407392	4.44716	
63	4.390692	4.402746	4.415523	4.458715	
64	4.398705	4.411795	4.425676	4.472562	
65	4.408727	4.422849	4.436028	4.48594	
66	4.42053	4.43538	4.442754	4.507586	
67	4.434889	4.452264	4.470031	4.524539	
68	4.45053	4.469763	4.487804	4.542639	
69	4.47237	4.492703	4.51284	4.581538	
70	4.495955	4.516289	4.538925	4.609859	
71	4.520788	4.54384	4.567847	4.638637	
72	4.549751	4.574145	4.599253	4.665608	
73	4.581169	4.605044	4.628273	4.693655	
74	4.611315	4.634134	4.655253	4.717874	
75	4.639126	4.660812	4.681743	4.739564	
76	4.684655	4.684694	4.704604	4.758283	
77	4.687195	4.706379	4.724697	4.773992	
78	4.707178	4.724993	4.741894	4.785849	

79	4.724276	4.740541	4.756024	4.769515
80	4.730352	4.753106	4.766991	4.80175
81	4.749267	4.762449	4.774614	4.804742
82	4.756986	4.768415	4.778785	4.805303
83	4.75707	4.770622	4.779559	4.809980
84	4.751681	4.769879	4.777839	4.801363
85	4.759191	4.767022	4.774783	4.798034
86	4.755955	4.763866	4.771404	4.79453
87	4.752544	4.760484	4.768035	4.791035
88	4.749134	4.756711	4.764412	4.78744
89	4.745676	4.753239	4.760867	4.78393
90	4.742098	4.749704	4.757336	4.780481
91	4.73853	4.746199	4.753853	4.777133
92	4.735116	4.742759	4.750451	4.773966
93	4.73173	4.739418	4.747167	4.771245
94	4.72846	4.73621	4.744033	4.769291
95	4.72534	4.733169	4.741174	4.766436
96	4.722403	4.730464	4.73906	4.763023
97	4.71955	4.728008	4.736351	4.771408
98	4.71671	4.725116	4.73352	4.768561
99	4.720233	4.731121	4.732726	4.76278
100	4.72343	4.73542	4.740218	4.761813
101	4.726797	4.741948	4.75595	4.803416
102	4.736434	4.750905	4.76607	4.817591
103	4.746441	4.762092	4.776881	4.83444
104	4.75692	4.77591	4.793884	4.85389
105	4.773959	4.79236	4.811779	4.875148
106	4.791699	4.811542	4.832468	4.897208
107	4.812116	4.833556	4.855703	4.919027
108	4.835542	4.857933	4.879916	4.939522
109	4.856578	4.879253	4.899574	4.958544
110	4.883938	4.903765	4.922484	4.972174
111	4.903695	4.921891	4.93887	4.983045
112	4.916981	4.936436	4.951717	4.990344
113	4.932687	4.947322	4.960705	4.993042
114	4.941624	4.954359	4.965904	4.991505
115	4.946724	4.95748	4.966865	4.986505
116	4.947839	4.956534	4.963818	4.976502
117	4.94694	4.955132	4.956474	4.963946
118	4.937359	4.941927	4.944724	4.948722
119	4.926571	4.930584	4.935264	4.93555
120	4.919977	4.916982	4.91074	4.91555
121	4.890278	4.890911	4.892242	4.890971
122	4.87169	4.873364	4.87578	4.87914
123	4.855328	4.858103	4.86166	4.877377
124	4.841289	4.84523	4.84982	4.869559
125	4.829571	4.834522	4.84041	4.864459
126	4.820571	4.826999	4.834337	4.862176
127	4.814007	4.821049	4.830367	4.862808
128	4.811421	4.81842	4.824623	4.865411
129	4.80935	4.81666	4.82352	4.865941
130	4.811295	4.823423	4.83666	4.880558
131	4.816242	4.826947	4.84456	4.886992
132	4.82429	4.839295	4.854334	4.89447
133	4.834864	4.849557	4.864651	4.907747
134	4.845328	4.859964	4.874389	4.91631
135	4.854896	4.869258	4.883295	4.923595
136	4.863842	4.877715	4.891356	4.930787
137	4.871843	4.885312	4.896338	4.936651
138	4.878874	4.892024	4.904619	4.941567
139	4.885977	4.897797	4.91173	4.94639
140	4.8933	4.902965	4.91877	4.95107
141	4.89461	4.906608	4.918011	4.950511
142	4.899322	4.909535	4.920444	4.951112
143	4.900743	4.911457	4.921989	4.952159
144	4.90215	4.912369	4.922489	4.951935
145	4.902619	4.912559	4.922429	4.951132
146	4.902529	4.912265	4.921856	4.946624
147	4.901673	4.911468	4.920624	4.94602
148	4.900943	4.910192	4.919297	4.945712
149	4.899431	4.908427	4.917216	4.942994
150	4.898047	4.906974	4.91572	4.93956
151	4.896923	4.904464	4.914172	4.93589
152	4.891925	4.900131	4.908174	4.931334
153	4.888408	4.896339	4.904102	4.92669
154	4.884371	4.89202	4.899497	4.922014
155	4.879807	4.887168	4.894437	4.917566
156	4.874707	4.8819	4.889334	4.913513
157	4.869312	4.876837	4.8847	4.910429
158	4.864623	4.872522	4.880972	4.90625
159	4.860915	4.869405	4.878264	4.907149

160	4.6982218	4.667222	4.676605	4.907159
161	4.6955563	4.665009	4.676028	4.908308
162	4.695991	4.665067	4.676562	4.910629
163	4.69601	4.667198	4.676239	4.914153
164	4.696193	4.669401	4.676086	4.918846
165	4.696999	4.672027	4.676011	4.924413
166	4.697698	4.674683	4.676055	4.929683
167	4.6970212	4.673352	4.676685	4.935695
168	4.69767	4.676031	4.676378	4.942646
169	4.6940093	4.657444	4.910515	4.947949
170	4.6950688	4.933767	4.916353	4.952262
171	4.695697	4.909077	4.921164	4.955469
172	4.6951467	4.913353	4.924923	4.957635
173	4.695203	4.916599	4.927606	4.959547
174	4.697872	4.916702	4.929191	4.95951
175	4.699452	4.919729	4.92952	4.957201
176	4.699516	4.919626	4.928968	4.954732
177	4.697476	4.919638	4.927268	4.952568
178	4.697415	4.919536	4.924066	4.946666
179	4.6944	4.912302	4.91987	4.942969
180	4.690177	4.907549	4.914659	4.936761
181	4.694532	4.90218	4.909435	4.931254
182	4.69493	4.896713	4.90395	4.925725
183	4.694041	4.891254	4.898476	4.920214
184	4.67851	4.865609	4.893018	4.914724
185	4.673195	4.86038	4.887579	4.90926
186	4.667758	4.874873	4.882163	4.90326
187	4.662424	4.85952	4.876774	4.898427
188	4.657068	4.8544	4.871465	4.893568
189	4.651763	4.85921	4.866097	4.887748
190	4.646484	4.85364	4.860916	4.882476
191	4.641244	4.848401	4.855569	4.877266
192	4.635046	4.843209	4.850392	4.872091
193	4.6309	4.838066	4.845256	4.866866
194	4.625804	4.832978	4.840178	4.861945
195	4.620765	4.827949	4.83516	4.856972
196	4.615766	4.822982	4.830208	4.852072
197	4.610872	4.818063	4.825324	4.847247
198	4.605954	4.813244	4.820353	4.842427
199	4.601253	4.808501	4.815362	4.83764
200	4.766567	4.803627	4.811132	4.83274
201	4.791942	4.799235	4.805567	4.826797
202	4.787412	4.794732	4.802091	4.824418
203	4.782971	4.79032	4.79771	4.820141
204	4.778523	4.786004	4.793427	4.81697
205	4.774372	4.781768	4.789246	4.813911
206	4.770224	4.777677	4.785177	4.810997
207	4.766184	4.773676	4.781121	4.808142
208	4.762144	4.769694	4.777064	4.805284
209	4.758104	4.76571	4.773051	4.802424
210	4.754064	4.761727	4.769051	4.799565
211	4.751173	4.75849	4.765576	4.796698
212	4.74725	4.75548	4.763229	4.793881
213	4.744403	4.75218	4.760014	4.791176
214	4.741211	4.749043	4.756835	4.788595
215	4.738155	4.746044	4.753696	4.786266
216	4.735237	4.743188	4.751209	4.783904
217	4.732465	4.740469	4.748553	4.781516
218	4.729659	4.737855	4.745897	4.779107
219	4.726822	4.735269	4.743165	4.776697
220	4.725162	4.733421	4.741258	4.774272
221	4.723082	4.731425	4.739846	4.771843
222	4.721168	4.729613	4.738099	4.769492
223	4.71947	4.727853	4.736463	4.767117
224	4.717881	4.726417	4.735013	4.76477
225	4.71641	4.725002	4.733655	4.762477
226	4.715062	4.723711	4.732342	4.760176
227	4.713838	4.722547	4.731335	4.757904
228	4.712743	4.721536	4.730463	4.755653
229	4.711688	4.720584	4.729683	4.753424
230	4.711297	4.720501	4.728979	4.751257
231	4.711206	4.720635	4.72824	4.749107
232	4.711567	4.721227	4.727303	4.746967
233	4.712394	4.722281	4.726230	4.744817
234	4.713657	4.723712	4.72528	4.742673
235	4.715235	4.725046	4.724653	4.74053
236	4.716329	4.726006	4.723504	4.738415
237	4.71675	4.726887	4.722442	4.736242
238	4.716487	4.725274	4.721346	4.734046
239	4.715528	4.723958	4.720204	4.731942
240	4.713854	4.721986	4.719079	4.729871

241	4.7116	4.719646	4.727701	4.735162
242	4.709202	4.717723	4.725266	4.732833
243	4.706786	4.714796	4.722815	4.730399
244	4.704354	4.712347	4.720348	4.727977
245	4.701906	4.709881	4.717866	4.725577
246	4.699443	4.707411	4.715389	4.723133
247	4.696985	4.704936	4.712957	4.720689
248	4.694473	4.702397	4.710332	4.718169
249	4.691967	4.699875	4.707784	4.715609
250	4.689448	4.697341	4.705243	4.713012
251	4.686917	4.694794	4.702681	4.710403
252	4.684375	4.692236	4.700107	4.723784
253	4.681821	4.689667	4.697523	4.721156
254	4.679257	4.687086	4.694929	4.718518
255	4.676682	4.684499	4.692326	4.715872
256	4.674099	4.681901	4.689713	4.713217
257	4.671507	4.679284	4.687085	4.710553
258	4.668906	4.676658	4.684446	4.707887
259	4.666299	4.674059	4.681833	4.705233
260	4.663684	4.671431	4.679189	4.702533
261	4.661063	4.668787	4.676542	4.699849
262	4.658436	4.666157	4.67389	4.69716
263	4.655804	4.663513	4.671233	4.694467
264	4.653168	4.660865	4.668573	4.691771
265	4.650528	4.658213	4.665909	4.689074
266	4.647885	4.655558	4.663243	4.686374
267	4.645246	4.65289	4.660574	4.683673
268	4.642591	4.650211	4.657891	4.680971
269	4.639941	4.647561	4.655234	4.67827
270	4.63729	4.64482	4.652562	4.675569
271	4.634639	4.642259	4.649892	4.67287
272	4.631989	4.639599	4.647222	4.670172
273	4.629339	4.63694	4.644554	4.667477
274	4.626691	4.634283	4.641887	4.664785
275	4.624046	4.631628	4.639224	4.662097
276	4.621402	4.628976	4.636564	4.659413
277	4.618753	4.626326	4.633906	4.65673
278	4.616106	4.623678	4.631257	4.65405
279	4.613455	4.621046	4.628611	4.651384
280	4.610809	4.618412	4.62597	4.648734
281	4.608249	4.615765	4.623336	4.646081
282	4.605635	4.613165	4.620705	4.643437
283	4.603028	4.610551	4.61809	4.6408
284	4.600428	4.607946	4.615479	4.638174
285	4.597837	4.605349	4.612877	4.635557
286	4.595254	4.602761	4.610284	4.63295
287	4.592681	4.600183	4.607711	4.630335
288	4.590106	4.597606	4.605138	4.62771
289	4.587535	4.595056	4.602568	4.62509
290	4.584923	4.592513	4.60002	4.622481
291	4.582494	4.58998	4.597483	4.620097
292	4.579976	4.587459	4.59495	4.617566
293	4.577472	4.584952	4.59246	4.61505
294	4.574981	4.582459	4.589955	4.61255
295	4.572504	4.57998	4.587474	4.610055
296	4.570043	4.577517	4.585009	4.607597
297	4.567596	4.575069	4.58256	4.605147
298	4.565156	4.572638	4.580116	4.602694
299	4.562722	4.570206	4.577671	4.60024
300	4.560295	4.567726	4.575217	4.597793
301	4.557876	4.565248	4.572789	4.595329
302	4.555456	4.562789	4.570338	4.592874
303	4.553074	4.560347	4.567879	4.590414
304	4.550652	4.557927	4.565427	4.587952
305	4.548265	4.555512	4.563023	4.585494
306	4.545859	4.553084	4.560627	4.583037
307	4.543411	4.550651	4.558237	4.58058
308	4.541022	4.548236	4.555822	4.578124
309	4.538595	4.545819	4.553403	4.575664
310	4.536228	4.543405	4.551009	4.573207
311	4.533828	4.541005	4.54863	4.570753
312	4.531455	4.538654	4.546175	4.5683
313	4.529103	4.536284	4.543657	4.565873
314	4.526844	4.533922	4.541193	4.563464
315	4.524677	4.53157	4.538704	4.561057
316	4.522483	4.529235	4.536267	4.55865
317	4.520285	4.526875	4.533833	4.556257
318	4.518084	4.524527	4.531404	4.553854
319	4.515885	4.522182	4.528974	4.551453
320	4.513695	4.519842	4.526542	4.549053
321	4.5115062	4.517502	4.524102	4.546653

322	4.513196	4.520762	4.528354	4.55128
323	4.511361	4.518637	4.526537	4.549493
324	4.509568	4.517143	4.524753	4.547739
325	4.507787	4.515381	4.523002	4.54602
326	4.506049	4.513653	4.521284	4.544336
327	4.504344	4.511959	4.519601	4.542688
328	4.502673	4.510289	4.517953	4.541076
329	4.501037	4.508673	4.516344	4.539501
330	4.499436	4.507096	4.514773	4.537963
331	4.497869	4.505558	4.513243	4.536464
332	4.496342	4.504017	4.511721	4.535004
333	4.494851	4.50254	4.510257	4.533583
334	4.493398	4.5011	4.508832	4.532202
335	4.491983	4.4997	4.507447	4.530861
336	4.490608	4.49834	4.506101	4.529561
337	4.489272	4.497018	4.504794	4.528301
338	4.487975	4.495737	4.503528	4.527093
339	4.486718	4.494485	4.502302	4.525908
340	4.485501	4.493264	4.501117	4.52476
341	4.484323	4.492076	4.499968	4.523653
342	4.48319	4.490916	4.498875	4.522563
343	4.482087	4.489743	4.497823	4.521564
344	4.481052	4.488519	4.496819	4.520726
345	4.480055	4.487544	4.495865	4.519834
346	4.479105	4.487018	4.494962	4.518988
347	4.478212	4.486544	4.494109	4.518183
348	4.477365	4.486318	4.4933	4.517417
349	4.476568	4.484534	4.492529	4.516686
350	4.475804	4.483783	4.491791	4.515959
351	4.475071	4.483063	4.491063	4.515231
352	4.474362	4.482352	4.490361	4.51452
353	4.473688	4.481718	4.489771	4.514236
354	4.473062	4.481102	4.489194	4.513816
355	4.47247	4.480559	4.488705	4.513486
356	4.47196	4.480124	4.48828	
357	4.471605	4.479607	4.487928	
358	4.471347	4.479608	4.487628	
359	4.471208	4.479528	4.487328	
360	4.471186			

LIBOR_1MO *-25

Cash Reinvest Rate

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448715 448716
448717 448718
448719 448720
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Forecast Date	Member	LIBOR 3MO	LIBOR 6MO	LIBOR 9MO	PRIME
1	1	3.03	3.049	3.05	3.25
2	2	3.05273	3.07744	3.07826	3.27374
3	3	3.06777	3.09248	3.09329	3.28878
4	4	3.0774	3.09748	3.09829	3.29841
5	5	3.07425	3.09497	3.09578	3.29584
6	6	3.06825	3.08897	3.08978	3.28984
7	7	3.06461	3.08441	3.08521	3.28620
8	8	3.06096	3.08076	3.08156	3.28255
9	9	3.05731	3.07711	3.07791	3.27890
10	10	3.05366	3.07346	3.07426	3.27525
11	11	3.05001	3.06981	3.07061	3.27160
12	12	3.04636	3.06616	3.06696	3.26795
13	13	3.04271	3.06251	3.06331	3.26430
14	14	3.03906	3.05886	3.05966	3.26065
15	15	3.03541	3.05521	3.05601	3.25700
16	16	3.03176	3.05156	3.05236	3.25335
17	17	3.02811	3.04791	3.04871	3.24970
18	18	3.02446	3.04426	3.04506	3.24605
19	19	3.02081	3.04061	3.04141	3.24240
20	20	3.01716	3.03696	3.03776	3.23875
21	21	3.01351	3.03331	3.03411	3.23510
22	22	3.00986	3.02966	3.03046	3.23145
23	23	3.00621	3.02601	3.02681	3.22780
24	24	3.00256	3.02236	3.02316	3.22415
25	25	2.99891	3.01871	3.01951	3.22050
26	26	2.99526	3.01506	3.01586	3.21685
27	27	2.99161	3.01141	3.01221	3.21320
28	28	2.98796	3.00776	3.00856	3.20955
29	29	2.98431	3.00411	3.00491	3.20590
30	30	2.98066	3.00046	3.00126	3.20225
31	31	2.97701	2.99681	2.99761	3.19860
32	32	2.97336	2.99316	2.99396	3.19495
33	33	2.96971	2.98951	2.99031	3.19130
34	34	2.96606	2.98586	2.98666	3.18765
35	35	2.96241	2.98221	2.98301	3.18400
36	36	2.95876	2.97856	2.97936	3.18035
37	37	2.95511	2.97491	2.97571	3.17670
38	38	2.95146	2.97126	2.97206	3.17305
39	39	2.94781	2.96761	2.96841	3.16940
40	40	2.94416	2.96396	2.96476	3.16575
41	41	2.94051	2.96031	2.96111	3.16210
42	42	2.93686	2.95666	2.95746	3.15845
43	43	2.93321	2.95301	2.95381	3.15480
44	44	2.92956	2.94936	2.95016	3.15115
45	45	2.92591	2.94571	2.94651	3.14750
46	46	2.92226	2.94206	2.94286	3.14385
47	47	2.91861	2.93841	2.93921	3.14020
48	48	2.91496	2.93476	2.93556	3.13655
49	49	2.91131	2.93111	2.93191	3.13290
50	50	2.90766	2.92746	2.92826	3.12925
51	51	2.90401	2.92381	2.92461	3.12560
52	52	2.90036	2.92016	2.92096	3.12195
53	53	2.89671	2.91651	2.91731	3.11830
54	54	2.89306	2.91286	2.91366	3.11465
55	55	2.88941	2.90921	2.91001	3.11100
56	56	2.88576	2.90556	2.90636	3.10735
57	57	2.88211	2.90191	2.90271	3.10370
58	58	2.87846	2.89826	2.89906	3.09995
59	59	2.87481	2.89461	2.89541	3.09630
60	60	2.87116	2.89096	2.89176	3.09265
61	61	2.86751	2.88731	2.88811	3.08900
62	62	2.86386	2.88366	2.88446	3.08535
63	63	2.86021	2.87999	2.88079	3.08170
64	64	2.85656	2.87634	2.87714	3.07805
65	65	2.85291	2.87269	2.87349	3.07440
66	66	2.84926	2.86904	2.86984	3.07075
67	67	2.84561	2.86539	2.86619	3.06710
68	68	2.84196	2.86174	2.86254	3.06345
69	69	2.83831	2.85809	2.85889	3.05980
70	70	2.83466	2.85444	2.85524	3.05615
71	71	2.83101	2.85079	2.85159	3.05250
72	72	2.82736	2.84714	2.84794	3.04885
73	73	2.82371	2.84349	2.84429	3.04520
74	74	2.82006	2.83984	2.84064	3.04155
75	75	2.81641	2.83619	2.83699	3.03790
76	76	2.81276	2.83254	2.83334	3.03425
77	77	2.80911	2.82889	2.82969	3.03060
78	78	2.80546	2.82524	2.82604	3.02695
79	79	2.80181	2.82159	2.82239	3.02330
80	80	2.79816	2.81794	2.81874	3.01965
81	81	2.79451	2.81429	2.81509	3.01600
82	82	2.79086	2.81064	2.81144	3.01235
83	83	2.78721	2.80699	2.80779	3.00870
84	84	2.78356	2.80334	2.80414	3.00505
85	85	2.77991	2.79969	2.80049	3.00140
86	86	2.77626	2.79604	2.79684	2.99775
87	87	2.77261	2.79239	2.79319	2.99410
88	88	2.76896	2.78874	2.78954	2.99045
89	89	2.76531	2.78509	2.78589	2.98680
90	90	2.76166	2.78144	2.78224	2.98315
91	91	2.75801	2.77779	2.77859	2.97950
92	92	2.75436	2.77414	2.77494	2.97585
93	93	2.75071	2.77049	2.77129	2.97220
94	94	2.74706	2.76684	2.76764	2.96855
95	95	2.74341	2.76319	2.76399	2.96490
96	96	2.73976	2.75954	2.76034	2.96125
97	97	2.73611	2.75589	2.75669	2.95760
98	98	2.73246	2.75224	2.75304	2.95395
99	99	2.72881	2.74859	2.74939	2.95030
100	100	2.72516	2.74494	2.74574	2.94665
101	101	2.72151	2.74129	2.74209	2.94300
102	102	2.71786	2.73764	2.73844	2.93935
103	103	2.71421	2.73399	2.73479	2.93570
104	104	2.71056	2.73034	2.73114	2.93205
105	105	2.70691	2.72669	2.72749	2.92840
106	106	2.70326	2.72304	2.72384	2.92475
107	107	2.69961	2.71939	2.72019	2.92110
108	108	2.69596	2.71574	2.71654	2.91745
109	109	2.69231	2.71209	2.71289	2.91380
110	110	2.68866	2.70844	2.70924	2.91015
111	111	2.68501	2.70479	2.70559	2.90650
112	112	2.68136	2.70114	2.70194	2.90285
113	113	2.67771	2.69749	2.69829	2.89920
114	114	2.67406	2.69384	2.69464	2.89555
115	115	2.67041	2.69019	2.69099	2.89190
116	116	2.66676	2.68654	2.68734	2.88825

117	4.61484	4.61032	4.60624	4.60348
118	4.61259	4.61127	4.60724	4.60472
119	4.60927	4.60781	4.60384	4.60136
120	4.60597	4.60451	4.60054	4.59806
121	4.60267	4.60121	4.59724	4.59476
122	4.59937	4.59791	4.59394	4.59146
123	4.59607	4.59461	4.59064	4.58816
124	4.59277	4.59131	4.58734	4.58486
125	4.58947	4.58801	4.58404	4.58156
126	4.58617	4.58471	4.58074	4.57826
127	4.58287	4.58141	4.57744	4.57496
128	4.57957	4.57811	4.57414	4.57166
129	4.57627	4.57481	4.57084	4.56836
130	4.57297	4.57151	4.56754	4.56506
131	4.56967	4.56821	4.56424	4.56176
132	4.56637	4.56491	4.56094	4.55846
133	4.56307	4.56161	4.55764	4.55516
134	4.55977	4.55831	4.55434	4.55186
135	4.55647	4.55501	4.55104	4.54856
136	4.55317	4.55171	4.54774	4.54526
137	4.54987	4.54841	4.54444	4.54196
138	4.54657	4.54511	4.54114	4.53866
139	4.54327	4.54181	4.53784	4.53536
140	4.53997	4.53851	4.53454	4.53206
141	4.53667	4.53521	4.53124	4.52876
142	4.53337	4.53191	4.52794	4.52546
143	4.53007	4.52861	4.52464	4.52216
144	4.52677	4.52531	4.52134	4.51886
145	4.52347	4.52201	4.51804	4.51556
146	4.52017	4.51871	4.51474	4.51226
147	4.51687	4.51541	4.51144	4.50896
148	4.51357	4.51211	4.50814	4.50566
149	4.51027	4.50881	4.50484	4.50236
150	4.50697	4.50551	4.50154	4.49906
151	4.50367	4.50221	4.49824	4.49576
152	4.50037	4.49891	4.49494	4.49246
153	4.49707	4.49561	4.49164	4.48916
154	4.49377	4.49231	4.48834	4.48586
155	4.49047	4.48901	4.48504	4.48256
156	4.48717	4.48571	4.48174	4.47926
157	4.48387	4.48241	4.47844	4.47596
158	4.48057	4.47911	4.47514	4.47266
159	4.47727	4.47581	4.47184	4.46936
160	4.47397	4.47251	4.46854	4.46606
161	4.47067	4.46921	4.46524	4.46276
162	4.46737	4.46591	4.46194	4.45946
163	4.46407	4.46261	4.45864	4.45616
164	4.46077	4.45931	4.45534	4.45286
165	4.45747	4.45601	4.45204	4.44956
166	4.45417	4.45271	4.44874	4.44626
167	4.45087	4.44941	4.44544	4.44296
168	4.44757	4.44611	4.44214	4.43966
169	4.44427	4.44281	4.43884	4.43636
170	4.44097	4.43951	4.43554	4.43306
171	4.43767	4.43621	4.43224	4.42976
172	4.43437	4.43291	4.42894	4.42646
173	4.43107	4.42961	4.42564	4.42316
174	4.42777	4.42631	4.42234	4.41986
175	4.42447	4.42301	4.41904	4.41656
176	4.42117	4.41971	4.41574	4.41326
177	4.41787	4.41641	4.41244	4.41016
178	4.41457	4.41311	4.40914	4.40666
179	4.41127	4.40981	4.40584	4.40336
180	4.40797	4.40651	4.40254	4.40006
181	4.40467	4.40321	4.39924	4.39676
182	4.40137	4.39991	4.39594	4.39346
183	4.39807	4.39661	4.39264	4.39016
184	4.39477	4.39331	4.38934	4.38686
185	4.39147	4.39001	4.38604	4.38356
186	4.38817	4.38671	4.38274	4.38026
187	4.38487	4.38341	4.37944	4.37696
188	4.38157	4.38011	4.37614	4.37366
189	4.37827	4.37681	4.37284	4.37036
190	4.37497	4.37351	4.36954	4.36706
191	4.37167	4.37021	4.36624	4.36376
192	4.36837	4.36691	4.36294	4.36046
193	4.36507	4.36361	4.35964	4.35716
194	4.36177	4.36031	4.35634	4.35386
195	4.35847	4.35701	4.35304	4.35056
196	4.35517	4.35371	4.34974	4.34726
197	4.35187	4.35041	4.34644	4.34396
198	4.34857	4.34711	4.34314	4.34066
199	4.34527	4.34381	4.33984	4.33736
200	4.34197	4.34051	4.33654	4.33406
201	4.33867	4.33721	4.33324	4.33076
202	4.33537	4.33391	4.32994	4.32746
203	4.33207	4.33061	4.32664	4.32416
204	4.32877	4.32731	4.32334	4.32086
205	4.32547	4.32401	4.32004	4.31756
206	4.32217	4.32071	4.31674	4.31426
207	4.31887	4.31741	4.31344	4.31096
208	4.31557	4.31411	4.31014	4.30766
209	4.31227	4.31081	4.30684	4.30436
210	4.30897	4.30751	4.30354	4.30106
211	4.30567	4.30421	4.30024	4.29776
212	4.30237	4.30091	4.29694	4.29446
213	4.29907	4.29761	4.29364	4.29116
214	4.29577	4.29431	4.29034	4.28786
215	4.29247	4.29101	4.28704	4.28456
216	4.28917	4.28771	4.28374	4.28126
217	4.28587	4.28441	4.28044	4.27796
218	4.28257	4.28111	4.27714	4.27466
219	4.27927	4.27781	4.27384	4.27136
220	4.27597	4.27451	4.27054	4.26806
221	4.27267	4.27121	4.26724	4.26476
222	4.26937	4.26791	4.26394	4.26146
223	4.26607	4.26461	4.26064	4.25816
224	4.26277	4.26131	4.25734	4.25486
225	4.25947	4.25801	4.25404	4.25156
226	4.25617	4.25471	4.25074	4.24826
227	4.25287	4.25141	4.24744	4.24496
228	4.24957	4.24811	4.24414	4.24166
229	4.24627	4.24481	4.24084	4.23836
230	4.24297	4.24151	4.23754	4.23506
231	4.23967	4.23821	4.23424	4.23176
232	4.23637	4.23491	4.23094	4.22846
233	4.23307	4.23161	4.22764	4.22516
234	4.22977	4.22831	4.22434	4.22186
235	4.22647	4.22501	4.22104	4.21856

555662AG CusC
MSB 2007-1A E
Agarose

Respond to Email

Old History

THURSDAY
E 1553687aa3

Forecast Assumptions
Strat

Results Table

Additional Analysis	1055	CaseNotes

Dear Lions
Waterfall
Index Results

Figure 2

Year	WAL of Interest Payments	Principal Window
1990	1.00	1.00
1991	1.00	1.00
1992	1.00	1.00
1993	1.00	1.00
1994	1.00	1.00
1995	1.00	1.00
1996	1.00	1.00
1997	1.00	1.00
1998	1.00	1.00
1999	1.00	1.00
2000	1.00	1.00
2001	1.00	1.00
2002	1.00	1.00
2003	1.00	1.00
2004	1.00	1.00
2005	1.00	1.00
2006	1.00	1.00
2007	1.00	1.00
2008	1.00	1.00
2009	1.00	1.00
2010	1.00	1.00
2011	1.00	1.00
2012	1.00	1.00
2013	1.00	1.00
2014	1.00	1.00
2015	1.00	1.00
2016	1.00	1.00
2017	1.00	1.00
2018	1.00	1.00
2019	1.00	1.00
2020	1.00	1.00
2021	1.00	1.00
2022	1.00	1.00
2023	1.00	1.00
2024	1.00	1.00
2025	1.00	1.00
2026	1.00	1.00
2027	1.00	1.00
2028	1.00	1.00
2029	1.00	1.00
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2041	1.00	1.00
2042	1.00	1.00
2043	1.00	1.00
2044	1.00	1.00
2045	1.00	1.00
2046	1.00	1.00
2047	1.00	1.00
2048	1.00	1.00
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2077	1.00	1.00
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2086	1.00	1.00
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2089	1.00	1.00
2090	1.00	1.00
2091	1.00	1.00
2092	1.00	1.00
2093	1.00	1.00
2094	1.00	1.00
2095	1.00	1.00
2096	1.00	1.00
2097	1.00	1.00
2098	1.00	1.00
2099		

Principal Writedown Percentage
Accum Int ShortfallMin Credit Support Pct
Maturity Dates
\$5 and Pct over

	Med Convexity
	Net Asset Loss
	Net Asset Loss Percentage

Net Asset Loss (+ Historical)
Net Asset Loss (+ Historical Percentage)
Net Asset Liquidation

Net Asset Liquidation Percentage

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Inter Solutions, Inc. +1 781-449-6722 in
Europe +44 20 7002 1055 in Japan +61 3
5117-6370

MSRP Purchase By/Account holders reporting as of August 1, 2008

MSRP 2007 AA E

MSRP 2007 AA E

MSRP 2007 AA E

Transaction Date: 08/01/08

Transaction Amount: \$1,000.00

Transaction Description: MSRP 2007 AA E

Transaction Location: MSRP 2007 AA E

Transaction Status: MSRP 2007 AA E

Transaction Date: 08/01/08

Transaction Amount: \$1,000.00

Transaction Description: MSRP 2007 AA E

Transaction Location: MSRP 2007 AA E

Transaction Status: MSRP 2007 AA E

Transaction Date: 08/01/08

Transaction Amount: \$1,000.00

Transaction Description: MSRP 2007 AA E

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Transaction Amount: \$1,000.00

Transaction Description: MSRP 2007 AA E

Transaction Location: MSRP 2007 AA E

Transaction Status: MSRP 2007 AA E

Transaction Date: 08/01/08

Transaction Amount: \$1,000.00

Transaction Description: MSRP 2007 AA E

Transaction Location: MSRP 2007 AA E

Transaction Status: MSRP 2007 AA E

117	4.84484	4.85332	4.85848
118	4.85159	4.86027	4.86722
119	4.85834	4.86722	4.87438
120	4.86509	4.87438	4.88164
121	4.87184	4.88011	4.88737
122	4.87859	4.88737	4.89463
123	4.88534	4.89463	4.90189
124	4.89209	4.90189	4.90915
125	4.89884	4.90915	4.91641
126	4.90559	4.91641	4.92367
127	4.91234	4.92367	4.93093
128	4.91909	4.93093	4.93819
129	4.92584	4.93819	4.94545
130	4.93259	4.94545	4.95271
131	4.93934	4.95271	4.95997
132	4.94609	4.95997	4.96723
133	4.95284	4.96723	4.97449
134	4.95959	4.97449	4.98175
135	4.96634	4.98175	4.98901
136	4.97309	4.98901	4.99627
137	4.97984	4.99627	5.00353
138	4.98659	5.00353	5.01079
139	4.99334	5.01079	5.01805
140	5.00009	5.01805	5.02531
141	5.00684	5.02531	5.03257
142	5.01359	5.03257	5.03983
143	5.02034	5.03983	5.04709
144	5.02709	5.04709	5.05435
145	5.03384	5.05435	5.06161
146	5.04059	5.06161	5.06887
147	5.04734	5.06887	5.07613
148	5.05409	5.07613	5.08339
149	5.06084	5.08339	5.09065
150	5.06759	5.09065	5.09791
151	5.07434	5.09791	5.10517
152	5.08109	5.10517	5.11243
153	5.08784	5.11243	5.11969
154	5.09459	5.11969	5.12695
155	5.10134	5.12695	5.13421
156	5.10809	5.13421	5.14147
157	5.11484	5.14147	5.14873
158	5.12159	5.14873	5.15599
159	5.12834	5.15599	5.16325
160	5.13509	5.16325	5.17051
161	5.14184	5.17051	5.17777
162	5.14859	5.17777	5.18503
163	5.15534	5.18503	5.19229
164	5.16209	5.19229	5.19955
165	5.16884	5.19955	5.20681
166	5.17559	5.20681	5.21407
167	5.18234	5.21407	5.22133
168	5.18909	5.22133	5.22859
169	5.19584	5.22859	5.23585
170	5.20259	5.23585	5.24311
171	5.20934	5.24311	5.25037
172	5.21609	5.25037	5.25763
173	5.22284	5.25763	5.26489
174	5.22959	5.26489	5.27215
175	5.23634	5.27215	5.27941
176	5.24309	5.27941	5.28667
177	5.24984	5.28667	5.29393
178	5.25659	5.29393	5.30119
179	5.26334	5.30119	5.30845
180	5.27009	5.30845	5.31571
181	5.27684	5.31571	5.32297
182	5.28359	5.32297	5.33023
183	5.29034	5.33023	5.33749
184	5.29709	5.33749	5.34475
185	5.30384	5.34475	5.35201
186	5.31059	5.35201	5.35927
187	5.31734	5.35927	5.36653
188	5.32409	5.36653	5.37379
189	5.33084	5.37379	5.38105
190	5.33759	5.38105	5.38831
191	5.34434	5.38831	5.39557
192	5.35109	5.39557	5.40283
193	5.35784	5.40283	5.41009
194	5.36459	5.41009	5.41735
195	5.37134	5.41735	5.42461
196	5.37809	5.42461	5.43187
197	5.38484	5.43187	5.43913
198	5.39159	5.43913	5.44639
199	5.39834	5.44639	5.45365
200	5.40509	5.45365	5.46091
201	5.41184	5.46091	5.46817
202	5.41859	5.46817	5.47543
203	5.42534	5.47543	5.48269
204	5.43209	5.48269	5.48995
205	5.43884	5.48995	5.49721
206	5.44559	5.49721	5.50447
207	5.45234	5.50447	5.51173
208	5.45909	5.51173	5.51899
209	5.46584	5.51899	5.52625
210	5.47259	5.52625	5.53351
211	5.47934	5.53351	5.54077
212	5.48609	5.54077	5.54803
213	5.49284	5.54803	5.55529
214	5.49959	5.55529	5.56255
215	5.50634	5.56255	5.56981
216	5.51309	5.56981	5.57707
217	5.51984	5.57707	5.58433
218	5.52659	5.58433	5.59159
219	5.53334	5.59159	5.59885
220	5.54009	5.59885	5.60611
221	5.54684	5.60611	5.61337
222	5.55359	5.61337	5.62063
223	5.56034	5.62063	5.62789
224	5.56709	5.62789	5.63515
225	5.57384	5.63515	5.64241
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229	5.60084	5.66419	5.67145
230	5.60759	5.67145	5.67871
231	5.61434	5.67871	5.68597
232	5.62109	5.68597	5.69323
233	5.62784	5.69323	5.70049
234	5.63459	5.70049	5.70775
235	5.64134	5.70775	5.71501

WITTEH 2006-4A.D
Security

Report to Board
Report to Court
Report to P.D.

[illegible]

220	4725167	4723421	4741758	4761732
221	4725252	4731428	4739646	4765463
222	4725342	4731428	4739646	4765463
223	4725432	4731428	4739646	4765463
224	4725522	4731428	4739646	4765463
225	4725612	4731428	4739646	4765463
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230	4726062	4731428	4739646	4765463
231	4726152	4731428	4739646	4765463
232	4726242	4731428	4739646	4765463
233	4726332	4731428	4739646	4765463
234	4726422	4731428	4739646	4765463
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236	4726602	4731428	4739646	4765463
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241	4727052	4731428	4739646	4765463
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243	4727232	4731428	4739646	4765463
244	4727322	4731428	4739646	4765463
245	4727412	4731428	4739646	4765463
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248	4727682	4731428	4739646	4765463
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280	4730562	4731428	4739646	4765463
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290	4731462	4731428	4739646	4765463
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310	4733262	4731428	4739646	4765463
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313	4733532	4731428	4739646	4765463
314	4733622	4731428	4739646	4765463
315	4733712	4731428	4739646	4765463
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317	4733892	4731428	4739646	4765463
318	4733982	4731428	4739646	4765463
319	4734072	4731428	4739646	4765463
320	4734162	4731428	4739646	4765463
321	4734252	4731428	4739646	4765463
322	4734342	4731428	4739646	4765463
323	4734432	4731428	4739646	4765463
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329	4734972	4731428	4739646	4765463
330	4735062	4731428	4739646	4765463
331	4735152	4731428	4739646	4765463
332	4735242	4731428	4739646	4765463
333	4735332	4731428	4739646	4765463

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395	4.46532	4.50617	4.53094
396	4.46532	4.50617	4.53094
397	4.46532	4.50617	4.53094
398	4.46532	4.50617	4.53094
399	4.46532	4.50617	4.53094
400	4.46532	4.50617	4.53094

Cash Flows
Customer report

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Atlanta, GA 30329
Europe +44 20 7602 1023 In Japan +81 3
5117-6210

Jason Post

From: Chiara, Michael [michael.chiara@lehman.com]
Sent: Thursday, September 11, 2008 9:19 AM
To: Clifford Stoops; Oxana Brown; Ryan Grateke; Paul Roos; Scott Crowell
Cc: DelliCarpini, Gianna
Subject: 9/12 REPO ROLLS
Attachments: CDO Roll 09-12-08.xls

Good Morning

2 trades are set to roll tomorrow.
Details are attached, same HC and spread as last month.
Please let us know if you would like to roll 1m.
Thx
Mike

<<CDO Roll 09-12-08.xls>>

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Cusip	Description	Factor	Par	Start	End	PX	HC	LOAN	BASE	SPREAD	REPO RATE
553683AD5	MSPB 2007-1A C	1.00	10,000,000	9/12/2008	10/14/2008	79.6	130.00	5,572,000.00	2.48	1.00	3.48
553683AE3	MSPB 2007-1A D	1.00	8,000,000	9/12/2008	10/14/2008	75	140.00	3,600,000.00	2.48	1.25	3.73

Jason Post

From: Chiara, Michael [michael.chiara@lehman.com]
Sent: Monday, September 08, 2008 6:21 AM
To: Ryan Grateke; Jenna Bridges; Paul Roos; Scott Crowell
Cc: DelliCarpini, Gianna
Subject: 9-8 rolls
Attachments: CDO Roll 09-08-08.xls

Good Morning

2 repos are set to roll off today.
We can roll at the same spread and HC as last month.
Lightpoint was marked up, Whitehorse was marked down.
Please let us know if you would like to roll as per the attached.
Thanks

<<CDO Roll 09-08-08.xls>>

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Cusip	Par	Start	End	px	hc	loan	base	spread	repo rate	RATING	DEAL
53225VAE9	9,500,000	9/8/2008	10/8/2008	68.9600	40%	3,930,720.00	2.49	1.00	3.49	A	CSFB
96524UAC2	2,000,000	9/8/2008	10/8/2008	64.2000	40%	770,400.00	2.49	1.00	3.49	A	CSFB

Jason Post

From: Chiara, Michael [michael.chiara@lehman.com]
Sent: Tuesday, September 02, 2008 3:42 PM
To: Ryan Grateke; Jenna Bridges; Paul Roos; Scott Crowell
Cc: DelliCarpini, Gianna
Subject: CDO Rolls 09-02-08.xls
Attachments: CDO Rolls 09-02-08.xls

Afternoon

We have 2 repo trades that matured today. Apologies for not sending roll details earlier.

We can roll at the same terms (HC and spread) as last month.

The marks are within 1 pt of last month's marks.

Pls let us know if you would like to roll as per the attached.

Thanks

Mike

<<CDO Rolls 09-02-08.xls>>

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Cusip	Par	Start	End	HC	PRICE	LOAN	BASE	SPREAD	REPO RATE
95736XAG3	9,500,000	9/2/2008	10/2/2008	50%	64.39	3,058,525.00	2.49	1.75	4.24
Cusip	Par	Start	End	HC	PRICE	LOAN	BASE	SPREAD	REPO RATE
553682AA3	4,000,000	9/2/2008	10/2/2008	60%	73.43	1,174,880.00	2.49	1.75	4.24

HTR

Mtge HTR

HISTORICAL TOTAL RETURN

1 1

LIGHT 2006-5A B SUB,FLT

3.513%

Original Face:

9,500,000.00

SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value
Start:	3/1/08	Aug 9,500,000.00	100.0000		9,500,000.00
End:	9/17/08	Aug 9,500,000.00	100.0000	.00	9,534,295.66

Mode: ☒ B-Book, ☐ T-Trade
Method: ☒ 1-CD, ☐ 2-CBE

Trade Basis
3.636% CBE RETURN
0.361% holding period return

Reinv
Reinv to
9/17/08 Same?

Date CMO Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
6743-717-1 18-Sep-2008 07:28:17

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TERMINAL

553683AD5 Mtge HTR

Mtge HTR

HISTORICAL TOTAL RETURN						1	1
MSPB 2007-1A C MEZ,FLT				4.786%	Original Face:	10,000,000.00	
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value		
Start:	7/21/08	Jul 10,000,000.00			10,000,000.00		
End:	9/17/08	Jul 10,000,000.00		.00	10,077,111.81		

Mode: ☒ B-Book, ☐ T-Trade
Method: ☒ 1-CD, ☐ 2-CBE

Trade Basis
5.000% CBE RETURN
0.771% holding period return

Reinv
Reinv to 9/17/08 Same?

Date CMD Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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HTR

Mtge HTR

HISTORICAL TOTAL RETURN					1	1
MSPB 2007-1A D MEZ,FLT			6.036%	Original Face:	8,000,000.00	
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value	
Start:	7/21/08	Jul	8,000,000.00		8,000,000.00	
End:	9/17/08	Jul	8,000,000.00	.00	8,077,800.56	
Mode: 1 B-Book, T-Trade				Trade Basis		Constant Maturity Period
Method: 2 1-CD, 2-CBE				6.319% CBE RETURN		Historical Basis
				0.973% holding period return		Reinv
Date	CFO Balance	Principal	Interest	Total P+I	Reinv to	Same?
					9/17/08	

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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553682AA3 Mtge HTR

Mtge HTR

HISTORICAL TOTAL RETURN						1	1
MSPB 2007-1A E MEZ,FLT				8.286%	Original Face:	4,000,000.00	
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value		
Start:	7/21/07	Jul	4,000,000.00		4,000,000.00		
End:	9/17/08	Jul	4,000,000.00	.00	4,053,400.28		

Mode: ☒ B-Book, T-Trade
Method: ☒ 1-CD, 2-CBE

Trade Basis
8.710% CBE RETURN
1.335% holding period return

Reinv
Reinv to 9/17/08 Same?

Date CMD Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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TERMINAL

HTR

Mtge HTR

HISTORICAL TOTAL RETURN

1 1

WITEH 2006-4A B SUB,FLT

3.535%

Original Face:

2,000,000.00

SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value
Start:	7/18/08 Jul	2,000,000.00	100.0000		2,000,000.00
End:	9/17/08 Jul	2,000,000.00	100.599%	.00	2,011,979.72

Mode: ☒ B-Book, ☐ T-Trade
Method: ☒ 1-CD, ☐ 2-CBE

Trade Basis
3.677% CBE RETURN
0.599% holding period return

Reinv
Reinv to
9/17/08 Same?

Date CMO Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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Portfolio Name
Highland CDO Fund - Reps Lehman
Highland CDO Fund - Reps Lehman
Highland CDO Fund - Reps Lehman
Highland CDO Fund - Reps Lehman
Highland CDO Fund - Reps Lehman

Issuer Name
LH1 2006-5A-B
LH1 2006-5A-C
LH1 2006-5A-D
LH1 2006-5A-E
LH1 2006-5A-F

Asset Name
Floating - 07/2005 - B - 53230A-69
Class C
Class D
Class E
Floating - 07/2005 - B - 53230A-69

Henry Dawell Spread
53230A-69 100
53230A-69 100
53230A-69 100
53230A-69 100
53230A-69 100

Financing
3.48%
3.48%
3.48%
3.48%
3.48%

Face Amount
8,500,000.00
10,000,000.00
8,000,000.00
4,000,000.00
2,000,000.00

Loan Amount
3,930,720.00
5,572,600.00
3,500,000.00
1,174,880.00
770,400.00

Begin Date
06/2004
06/2004
06/2004
06/2004
06/2004

Term Date
06/17/2008
06/17/2008
06/17/2008
06/17/2008
06/17/2008

All In Term Financing Value
3,428.55
2,683.13
1,885.00
2078.62
572.17

LEHMAN BROTHERS || Fixed Income Financing MTM Statement

TO:	HIGHLAND CDO OPP MASTER
ACC #:	1759230
C/P NAME:	HIGHLAND CDO OPPORTUNITY MASTER FUND LP
PHONE:	
FAX:	
EMAIL:	highland.etc.collateral@hedgefundservices.com,

FROM:	LEHMAN BROTHERS INTERNATIONAL (EUROPE)
	TRACY AGARD
PHONE:	212-526-2170
FAX:	917-522-0252
EMAIL:	cvg@lehman.com

DATE:	09-Sep-2008
COB VALUATION DATE:	08-Sep-2008
REPORTING CCY:	USD

POSITIVE NUMBERS = LEHMAN RECEIVABLE
NEGATIVE NUMBERS = LEHMAN PAYABLE

Summary	
Economic Exposure	(9,537,895)
Margin/Haircut Amount	9,735,169
Margin Exposure	(287,856)
Cash Free Collateral	(485,129)
Security Free Collateral	0
Portfolio Margin Requirement	0

Detail													
ISIN/CUSIP Deal ID	Mat Date Account	Coupon Description	Original Face	Factor	Mkt Price	On Date/ Off Date	Fin Rate	Fin Interest	Coupon Interest	Loan	Market Value	Mrgn Hrct	Mrgn/Hrct Amt
553682AA3 9220230	7/20/19 1759230	8.32 MSPB 2007-1A E	4,000,000	1.000000	71.5066	9/2/08 10/2/08	4.240	969	(45.284)	1,174,860.00	(2,960,263)	160,000	1,743,329
53225VAE9 981C300	8/5/19 1759230	3.81 LIGHT 2006-5A B	9,500,000	1.000000	68.9632	9/8/08 10/8/08	3.490	381	(29,128)	3,930,720.00	(6,551,502)	140,000	2,632,252
96524UAC2 981C500	1/17/20 1759230	4.70 WHITE 2006-4A B	2,000,000	1.000000	64.2000	9/8/08 10/8/08	3.490	75	(13,842)	770,400.00	(1,284,000)	140,000	519,137
553683AD5 881R440	7/20/19 1759230	4.82 MSPB 2007-1A C	10,000,000	1.000000	79.6000	8/13/08 9/12/08	3.460	14,864	(65,572)	5,735,800.00	(7,960,000)	130,000	2,407,671
553683AE3 881R470	7/20/19 1759230	6.07 MSPB 2007-1A D	8,000,000	1.000000	75.1965	8/13/08 9/12/08	3.710	10,338	(66,068)	3,715,200.00	(6,015,882)	140,000	2,432,780
RR Total			33,500,000					26,647	(219,894)	15,327,000.00	(24,571,547)		9,735,169
Grand Total			33,500,000					26,647	(219,894)	15,327,000.00	(24,571,547)		9,735,169

Free Collateral						
Type	ISIN/CUSIP	Deal ID	On Date	Off Date	Description	Margin Value (USD)
VAR	CASH COLL				UNITED STATES DOLLARS	(485,129)
Totals						(485,129)

F Denotes Free Collateral Fail

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Jason Post

From: Wybolt, Andrew S [andrew.wybolt@lehman.com]
Sent: Tuesday, September 09, 2008 8:36 AM
To: Ryan Grateke; highland.otc.collateral@hedgefundservices.com
Subject: RE: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP MASTER

Yes, I can wire you back 288K.

~~And all of your pending interest~~
841.74 for Aug
838.39 for July
779.82 for June

Please confirm

Andrew Wybolt
LEHMAN BROTHERS | Repo Margin
1301 Avenue of the Americas
New York, NY 10019
* 212.320.7747 F: 646.758.3023
* andrew.wybolt@lehman.com
* repomargin@lehman.com

-----Original Message-----

From: Ryan Grateke [mailto:RGrateke@hcmlp.com]
Sent: Tuesday, September 09, 2008 9:31 AM
To: Wybolt, Andrew S; 'highland.otc.collateral@hedgefundservices.com'
Subject: RE: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO
OPP MASTER

Can we pull back any of this margin? Thanks.

-----Original Message-----

From: andrew.wybolt@lehman.com [mailto:andrew.wybolt@lehman.com]
Sent: Tuesday, September 02, 2008 2:06 PM
To: Jennifer Jurrius; Margin; Morton Wendell; Scott Crowell; Ryan
Grateke; highland.otc.collateral@hedgefundservices.com;
matthew.d.walsh@jpmchase.com
Cc: andrew.wybolt@lehman.com
Subject: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP
MASTER

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<u>Highland CDO Opportunity Master Fund, L.P.</u>			
<u>Date</u>	<u>Collateral Principal Amount</u>	<u>Rate</u>	<u>Daily Interest</u>
9/1/2008	\$ 194,451.00	2.1250%	11.48
9/2/2008	194,451.00	2.1250%	11.48
9/3/2008	194,451.00	2.0625%	11.14
9/4/2008	194,451.00	2.0625%	11.14
9/5/2008	194,451.00	2.0625%	11.14
9/6/2008	194,451.00	2.0625%	11.14
9/7/2008	194,451.00	2.0625%	11.14
9/8/2008	194,451.00	2.0625%	11.14
9/9/2008	194,451.00	2.0625%	11.14
9/10/2008	194,451.00	2.0625%	11.14
9/11/2008	194,451.00	2.0625%	11.14
9/12/2008	194,451.00	2.1250%	11.48
9/13/2008	194,451.00	2.1250%	11.48
9/14/2008	194,451.00	2.1250%	11.48
9/15/2008	194,451.00	3.5000%	18.90
9/16/2008	194,451.00	3.7500%	20.26
9/17/2008	194,451.00	3.0000%	16.20
<u>Total</u>			<u>\$ 213.02</u>

Jason Post

From: Ryan Grateke
Sent: Wednesday, September 17, 2008 8:58 AM
To: Jason Post
Subject: FW: Lehman Support
Attachments: 9/12 REPO ROLLS; 9-8 rolls; CDO Rolls 09-02-08.xls; FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP MASTER; RE: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP MASTER; Highland CDO Opportunity Master Fund, LP - Cash Flow.xls

From: Ryan Grateke
Sent: Monday, September 15, 2008 3:47 PM
To: Brian Lohrding
Subject: Lehman Support

Here is everything for Lehman. I can confirm Scott's spreadsheet is correct for the face amount, financing mark, and loan amount per support we received from Lehman and his calculations appear correct for the rest of it. I attached the support that we received from Lehman.

Attached support for repos:

"CDO Rolls 9-02-08" - MSPB E (553682AA3)
"9-8 rolls"- Light, WHITEH
"9/12 REPO ROLLS" - MSPB C, MSPB D

Attached support for collateral:

"FIN - Interest Accrual....." (x2)

I attached two emails: 1 has the 8/31 collateral statement which shows the principal balance as \$482,451. The other is from our contact at Lehman confirming he sent us back \$288,000 of principal and all of our interest owed through 8/31. I also attached our BONY cash sheet which shows the \$288,000 and the interest amounts being returned on 9/9.

Collateral balance = \$194,451 + interest from 9/1 onward.

Ryan Grateke
Highland Capital Management, LP
13455 Noel Road, Suite 800
Dallas, TX 75240
Office: 972-628-4168
Fax: 972-628-4142
www.hcmlp.com

LEHMAN BROTHERS

Interest Accrual On Cash Collateral

TO:	HIGHLAND CDO OPP MASTER
	1759230
	RYAN GRATEKE
PHONE:	972-628-4151-972-628-4168
FAX:	
EMAIL:	
FROM:	LEHMAN BROTHERS INTERNATIONAL (EUROPE)
	ANDREW WYBOLT
PHONE:	212-526-1210
FAX:	646-758-3023
EMAIL:	andrew.wybolt@lehman.com
DUE DATE:	09/01/2008

From 08/01/2008 To 08/31/2008 [inclusive]

Date	CCY	Principal	Interest Calc Amt	Rate	Accrued Int
08/01/2008	USD	482,451.00	-28.68	2.140	-28.68
08/02/2008	USD	482,451.00	-28.68	2.140	-28.68
08/03/2008	USD	482,451.00	-28.01	2.090	-28.01
08/04/2008	USD	482,451.00	-26.67	1.990	-26.67
08/05/2008	USD	482,451.00	-26.00	1.940	-26.00
08/06/2008	USD	482,451.00	-26.00	1.940	-26.00
08/07/2008	USD	482,451.00	-26.00	1.940	-26.00
08/08/2008	USD	482,451.00	-26.00	1.940	-26.00
08/09/2008	USD	482,451.00	-26.00	1.940	-26.00
08/10/2008	USD	482,451.00	-26.67	1.990	-26.67
08/11/2008	USD	482,451.00	-26.67	1.990	-26.67
08/12/2008	USD	482,451.00	-27.07	2.020	-27.07
08/13/2008	USD	482,451.00	-28.14	2.100	-28.14
08/14/2008	USD	482,451.00	-28.81	2.150	-28.81
08/15/2008	USD	482,451.00	-28.81	2.150	-28.81
08/16/2008	USD	482,451.00	-28.81	2.150	-28.81
08/17/2008	USD	482,451.00	-28.14	2.100	-28.14
08/18/2008	USD	482,451.00	-26.27	1.960	-26.27
08/19/2008	USD	482,451.00	-25.60	1.910	-25.60
08/20/2008	USD	482,451.00	-26.67	1.990	-26.67
08/21/2008	USD	482,451.00	-26.94	2.010	-26.94
08/22/2008	USD	482,451.00	-26.94	2.010	-26.94
08/23/2008	USD	482,451.00	-26.94	2.010	-26.94
08/24/2008	USD	482,451.00	-26.80	2.000	-26.80
08/25/2008	USD	482,451.00	-27.20	2.030	-27.20
08/26/2008	USD	482,451.00	-26.94	2.010	-26.94
08/27/2008	USD	482,451.00	-27.20	2.030	-27.20
08/28/2008	USD	482,451.00	-26.80	2.000	-26.80
08/29/2008	USD	482,451.00	-26.80	2.000	-26.80
08/30/2008	USD	482,451.00	-26.80	2.000	-26.80
08/31/2008	USD	482,451.00	-26.80	2.000	-26.80

Total Interest Due: 841.74

Lehman will pay to the following settlement instructions:

Intermediary	Institution	Beneficiary	Special
	FW021000018	211551	/BNF/771898

ANNEX 1

Supplemental Terms or Conditions
To the TBMA/ISMA Master Repurchase Agreement

Dated as of May 31, 2007

Between

LEHMAN BROTHERS INTERNATIONAL (EUROPE) ("Party A")
a company incorporated with unlimited liability under the laws of England and Wales

and

Highland CDO Opportunity Master Fund LP ("Party B")
a limited partnership organized under the laws of the State of Delaware

Paragraph references are to paragraphs in the Agreement.

i. The following elections shall apply

- (a) paragraph 1(c)(i). Buy/Sell Back Transactions may be effected under this Agreement, and accordingly the Buy/Sell Back Annex shall apply.
- (b) paragraph 1(c)(ii). Transactions in Net Paying Securities may be effected under this Agreement, and accordingly the provisions of sub paragraphs (i) and (ii) below shall apply.
 - (i) The phrase "other than equities and Net Paying Securities" in paragraph 1(a) shall be replaced by the phrase "other than equities".
 - (ii) In the Buy/Sell Back Annex the following words shall be added to the end of the definition of the expression "IR": "and for the avoidance of doubt the reference to the amount of income for these purposes shall be to an amount paid without withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such income made in certain circumstances may be subject to such a withholding or deduction".

- (c) paragraph 1(d). Agency Transactions may not be effected under this Agreement, and accordingly the Agency Annex shall not apply.

In addition, the following Annexes shall also apply with respect to relevant Transactions:

- Equities Annex
- Italian Annex
- Gilts Annex
- Japanese Securities Annex
- U.S. Securities Addendum

- (d) paragraph 2(d). The Base Currency shall be:

- (i) for the purposes of paragraph 4, United States Dollars.
- (ii) for the purposes of paragraph 10, where the Defaulting Party is Party B, United States Dollars and, where the Defaulting Party is Party A, United States Dollars.

- (e) paragraph 2(p). list Buyer's and Seller's Designated Offices.

Party A: London and Frankfurt.

Party B: Delaware

- (f) paragraph 2(cc). The pricing source for calculation of Market Value shall be: Market Value will be calculated in accordance with market practice prevailing in the principal market for the relevant securities as reasonably determined by Party A or as otherwise agreed in writing by the parties.
- (g) paragraph 2(rr). Spot rate to be: as specified in paragraph 2(rr).
-
- (h) paragraph 3(b). both Seller and Buyer to deliver Confirmation.
- (i) paragraph 4(f).
- (i) Interest rate on Cash Margin to be Fed Funds Open for USD (available on Telerate page 5), EONIA for Euro (available on Bloomberg page EBF) and SONIA for GBP (available on Bloomberg page BBAM).
- (ii) Interest to be payable upon redelivery of any Cash Margin.
- (j) paragraph 4(g). Delivery period for margin calls to be:
- (i) For Cash Margin, Margin Securities or Equivalent Margin Securities the same day if the request is made by 10 a.m. (New York time) on a Business Day and, if requested after such time, on the next Business Day.
- (k) paragraph 6(j). Paragraph 6(j) shall apply, and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(i) shall be those set out in sub-paragraphs (i) and (ii) through (x) of paragraph 10(a) of this Agreement.
- (l) paragraph 10(a)(ii). Paragraph 10(a)(ii) shall not apply.
- (m) paragraph 14. For the purposes of paragraph 14 of this Agreement
- (i) Address for notices and other communications for Party A
- (a) Address: **Lehman Brothers International (Europe) – Head Office**
25 Bank Street, London E14 5LE
Attention:
For trading issues: Trading Manager, Central Funding Desk
Telephone: 44 (20) 7260 2333
e-mail: cfueurope@exelon.lehman.com
For confirmation issues: Trade Support / Operations
Telephone: 44 (20) 7102 3002/2971
Facsimile: 44 (20) 7102 3022/2518
e-mail: tdfinancing@exelon.lehman.com
For margin issues: Global Margin Europe
Telephone: 44 (20) 7011 7290
Facsimile: 44 (20) 7260 1324
e-mail: repofutmargin@exelon.lehman.com
For documentation issues: Transaction Management (London)
Telephone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
e-mail: vsfarp@lehman.com; gfarry@lehman.com
- (b) Address: **Lehman Brothers International (Europe) – Frankfurt Branch**
Rathenauplatz 1, D-60313 Frankfurt am Main, Germany
Attention:

For trading issues: Trading Manager, Central Funding Desk
Telephone: 44 (20) 7260 2333
e-mail: cfueurope@exeulon.lehman.com

For confirmation issues: Trade Support / Operations
Telephone: 44 (20) 7120 3002/2971
Facsimile: 44 (20) 7120 3022/2518
e-mail: fidfinancing@exeulon.lehman.com

For margin issues: Global Margin Europe (London)
Telephone: 44 (20) 7011 7290
Facsimile: 44 (20) 7260 1324
e-mail: repofutmargin@exeulon.lehman.com

For documentation issues: Transaction Management (London)
Telephone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
e-mail: ysharp@lehman.com; gtarry@lehman.com

(ii) Address for notices and other communications for Party B

Address: c/o Highland Capital Management, L.P.
13445 Noel Road
Two Galleria Tower, Suite 1300
Dallas, TX 75241
Attention: Philip Braner

Telephone: 972-628-4100

Facsimile: 972-628-4147

E-mail: PBraner@hcmlp.com

paragraph 17. For the purposes of paragraph 17 of this Agreement

(iii) Party A is not required to appoint an agent for service of process.

(iv) Party B appoints as its agent for service of process: Highland Capital Management Europe Ltd., 130 Jermyn Street, London SW1Y 4BP

2. The following supplemental terms and conditions shall apply.

(a) Existing Transactions. All Repurchase Transactions and Buy/Sell Back Transactions entered into by the parties prior to the date of this Agreement which are outstanding at the date of the Agreement, shall be deemed to be entered into pursuant to this Agreement and shall be governed by the terms of this Agreement.

(b) Forward Transactions. The parties agree that Forward Transactions (as defined in sub paragraph (i)(A) below) may be effected under this Agreement, and accordingly the provisions of sub paragraphs (i) to (iv) below shall apply.

(i) The following definitions shall apply

(A) "Forward Transaction", a Transaction in respect of which the Purchase Date is at least three Business Days after the date on which the Transaction was entered into and has not yet occurred;

For explanation

Index **HP**

CLOSE/MID/YIELD

PERSCOPEN Jordan Fed Funds Open

Range 3/18/08 to 9/18/08 Period ☒ Daily

Page 11
2.5000 H-Mkt Yield
HI 3.7500 ON 9/16/08
AVE 2.2221
LOW 2.0000 ON 8/21/08

DATE	YIELD	DATE	YIELD	DATE	YIELD
9/18	2.5000	8/29	2.1250	8/18	2.0625
9/17	3.0000	8/28	2.0625	8/17	2.0625
9/16 H	3.7500	8/27	2.0625	8/16	2.0625
9/15	3.5000	8/26	2.0625	8/15	2.1250
9/12	2.1250	8/25	2.0625		
9/11	2.0625	8/22	2.0625	8/1	2.1875
9/10	2.0625	8/21 L	2.0000	7/31	2.1875
9/9	2.0625	8/20	2.0000	7/30	2.1875
9/8	2.0625	8/19	2.0625	7/29	2.1875
		8/18	2.1250	7/28	2.1875
9/5	2.0625	8/15	2.1875	7/25	2.0625
9/4	2.0625	8/14	2.0625	7/24	2.0000
9/3	2.0625	8/13	2.0625	7/23	2.0000
9/2	2.1250	8/12	2.0625	7/22	2.0000
9/1		8/11	2.0625	7/21	2.0000

<HELP> for explanation.

Index **HP****CLOSE/ASK/YIELD**

Page 1

US00001M LIBOR-USD Fix 1 Month

Range **3/25/08** to **9/22/08** Period ☒ Daily

HI 3.19000	ON 9/19/08
AVE 2.56195	
LOW 2.37875	ON 5/27/08

DATE	YIELD	DATE	YIELD	DATE	YIELD
F 9/19 H	3.19000	F 8/29	2.48563	F 8/15	2.46563
T 9/18	3.18750	T 8/28	2.48625	T 8/14	2.46563
W 9/17	3.03000	W 8/27	2.46875	W 8/13	2.46688
T 9/16	2.74750	T 8/26	2.47000	T 8/12	2.46375
M 9/15	2.49688	M 8/25		M 8/11	2.46375
F 9/22	3.17625	F 9/1	2.48563		
T 9/19		T 9/5	2.48688		
W 9/18		W 9/4	2.48688		
T 9/17		T 9/3	2.48750		
W 9/16		W 9/2	2.48563		
M 9/15		M 9/1	2.48563		
F 9/19		F 8/29	2.48563		
T 9/18		T 8/28	2.48625		
W 9/17		W 8/27	2.46875		
T 9/16		T 8/26	2.47000		
M 9/15		M 8/25			
F 9/12	2.48813	F 8/22	2.47188	F 8/1	2.46000
T 9/11	2.48750	T 8/21	2.47188	T 7/31	2.46125
W 9/10	2.48688	W 8/20	2.47188	W 7/30	2.46375
T 9/9	2.48875	T 8/19	2.47125	T 7/29	2.46313
W 9/8	2.48813	W 8/18	2.47063	W 7/28	2.46250

Australia 61 2 9777 8600	Brazil 5011 3048 4500	Europe 44 20 7330 7500	Germany 45 59 5204 1210	Hong Kong 552 2377 5000
Japan 61 3 3201 8900	Singapore 65 6212 1000	U.S. 1 212 318 2000	Copyright 2008 Bloomberg L.P.	

HI 48-739-1 22-Sep-08 17:30:17

Jason Post

From: Jason Post
Sent: Monday, September 22, 2008 12:24 PM
To: Jason Post
Subject: FW: Billings on Lehman GMRA

Per discussion with Brian Albert, \$2,100 split down the middle between Highland CDO Opportunity Master Fund, L.P and Highland Financial Corporation.

From: Brian Albert [mailto:brian.albert@gmail.com]
Sent: Monday, September 22, 2008 12:04 PM
To: Jason Post
Subject: Billings on Lehman GMRA

There are about \$2100 in billings attributable to the Lehman GMRA. Let me know if you need additional back up on this.

Brian

--

Brian G. Albert, Esq.
Phone: 323-384-3631
brian.albert@gmail.com

Highland CDO Opportunity Master Fund, L.P.

Date	Rate	Total Net Amount Less Interest	Daily Interest	
9/15/2008	2.496880%	8,747,366.07	\$ 606.70	\$ 8,552,387.52 Net Value of Receivable Securities
9/16/2008	2.747500%	8,747,366.07	667.59	194,664.02 Cash Margin
9/17/2008	3.030000%	8,747,366.07	736.24	(10,735.47) All in Term Repo Financing Value
9/18/2008	3.187500%	8,747,366.07	774.51	10,000.00 Legal Expense - Schulte Roth & Zabel
9/19/2008	3.190000%	8,747,366.07	775.11	1,050.00 Legal Expense - Brian Albert
9/20/2008	3.190000%	8,747,366.07	775.11	
9/21/2008	3.190000%	8,747,366.07	775.11	
9/22/2008	3.176250%	8,747,366.07	771.77	\$ 8,747,366.07 Total
Total Interest			\$ 5,882.15	

****AMENDMENT**DEFAULT VALUATION NOTICE UNDER
GLOBAL MASTER REPURCHASE AGREEMENT**

To: Lehman Brothers International (Europe) – Head Office (“**Party A**”)
Address: 25 Bank Street, London E14 5LE, England
Attention: Transaction Management (London)
Phone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
Email: vsharp@lehman.com; gtarry@lehman.com

From: Highland CDO Opportunity Master Fund, L.P. c/o Highland Capital
Management, L.P (“**Party B**”)
13455 Noel Road, Suite 800
Dallas, TX 75240
Phone: (972) 628-4100
Facsimile: (972) 628-4147

Date: October 10, 2008

Re: BMA Global Master Repurchase Agreement (2000 Version) dated as of May 31,
2007 between Party A and Party B and each of the Annexes related thereto and
all Confirmations and Transactions thereunder, in each case, as such documents
are amended and supplemented from time to time (collectively, the “**Agreement**”)

This **Amended** Calculation Statement is an addition to and amends the calculation statement provided by Party B to Party A on September 26, 2008 (the “Original Calculation Statement”) in respect of the early designation by Party B of the Repurchase Date in respect of all Transactions under the Agreement. This Amended Calculation Statement sets forth additional amounts determined by Party B to be due and payable by Party A not included in the Original Calculation Statement.

Party B hereby demands payment from Party A in a total amount of \$10,026,060.81 as calculated pursuant to Annex A hereto (the “Payment Amount”). This total Payment Amount is due and payable immediately upon receipt of this Amended Calculation Statement by Party A pursuant to Section 10 (c)(ii) of the Agreement and includes amounts due in respect of the Original Calculation Statement as well as all additional amounts calculated hereunder, and shall be paid by Party A in immediately available funds to the following account:

Payment to:
Highland CDO Opportunity Master Fund, L.P.
The Bank of New York



FFC Account #: [REDACTED]
Attention: Marisela Rodriguez, 713-483-6604
Reference: (Borrower Name, Type of Payment/description)
Email: mariselarodriguez@bankofny.com

Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Agreement.

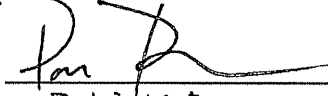
HIGHLAND CDO OPPORTUNITY MASTER FUND, L.P.

By: Highland CDO Opportunity Fund GP, L.P., its general partner

By: Highland CDO Opportunity Fund GP, LLC, its general partner

By: Highland Capital Management, L.P. its sole member

By: Strand Advisors, Inc., its general partner

By: 
Name: Patrick Boyce
Title: Treasurer

Annex A to Calculation Statement

Default Market Value of Equivalent Securities

Determined pursuant to paragraph 10(e)(i) –

1 - In respect of those Deliverable Securities or Receivable Securities that since the occurrence of the Event of Default in respect of Party A, Party B has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities, and that the non-Defaulting Party elects to treat as the Default Market Value the amount calculated by Party B pursuant to paragraph 10(e)(i)(A) as follows:

Default Market Value of Deliverable Securities

\$ 0

Default Market Value of Receivable Securities

\$ 0

2 - In respect of those Deliverable Securities or Receivable Securities that Part B has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size, that Party B elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities pursuant to paragraph 10(e)(i)(B)(cc).

Default Market Value of Deliverable Securities

\$ 0

Default Market Value of Receivable Securities

\$ 0

3 - In respect of those Deliverable Securities or Receivable Securities, that either (x) acting in good faith, Party B has endeavoured but been unable to sell or purchase Securities in accordance with paragraph 10(i)(A) of the Agreement or to obtain quotations in accordance with paragraph 10(i)(B) of the Agreement (or both) or (y) Party B has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under paragraph 10(i)(B) of the Agreement, that Party B has determined the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and that the non-Defaulting Party elects

to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities as follows:

Net Value of Receivable Securities

\$ 0

minus Transaction Costs

\$ 0

Net Value of Deliverable Securities

\$ 9,707,970.52

plus Transaction Costs

\$ 0

Cash Margin

\$ 194,451.00 Cash Collateral

\$ 213.02 Cash Collateral

\$ 194,664.02 Total Cash Collateral

Expenses and Interest

\$ -10,735.47 All in term Repo Financing value

\$ 4,411.75 Legal Expense – Schulte Roth & Zabel

\$ 1,050.00 Legal Expense – Brian Albert

\$ 103,052.05 Missing coupon payments

\$ 25,647.94 Net amount interest 9/15/08-10/10/08

\$ 123,426.27 Total

Amounts incurred by Party B and payable by Party A pursuant to paragraph 10(f) of the Agreement by way of Expenses, Interest and otherwise.

Expenses and Costs of Replacement Transactions and Hedging Transactions

\$ 0 Amounts incurred by Party B and payable by Party A pursuant to paragraph 10(k)(1) and (2) of the Agreement.

Total Net Amount Now Due to Party B \$ 10,026,060.81

Subject to accrual interest at default rate of LIBOR from date
due to date paid in full

Calculations details are attached hereto on the following pages.

Net Value of Deliverable Securities

\$ 9,707,970.52

Cash Margin

\$ 194,664.02

Expenses

\$ 103,052.05 **Missing coupon payments
(10,735.47) All in Term Repo Financing Value
4,411.75 *Legal Expense - Schulte Roth & Zabel
1,050.00 Legal Expense - Brian Albert
\$ 97,778.33

\$ 10,000,412.87 Total claim amount

\$ 25,647.94 Interest 9/15/08-10/10/08

\$ 10,026,060.81 Total claim amount plus interest 9/15/08-10/10/08

*amended item

**added item

[illegible]

Repo Loan Amount	Current Bond Coupon	Beginning Coupon Accrue Date	Accrued Interest Underlying Bond	Value	Value Less Accrued Interest
3,930,720.00	3.51%	8/11/2008	34,295.66	2,503,592.61	2,507,022.16
5,572,000.00	4.79%	7/21/2008	77,111.81	2,312,438.68	2,315,131.81
3,600,000.00	6.04%	7/21/2008	77,800.56	2,533,431.56	2,535,286.56
1,174,860.00	8.29%	7/21/2008	53,400.28	1,782,604.86	1,784,890.28
770,400.00	3.54%	7/18/2008	11,979.72	585,167.55	585,839.72
				<u>\$ 9,697,235.05</u>	<u>\$ 9,707,970.52</u>
				194,451.00	
				213.02	
				<u>\$ 194,664.02</u>	
				<u>\$ 9,891,899.07</u>	

Cash Collateral Posted
Interest due on Cash Collateral
Total Cash Collateral and Interest
Net Value

Highland CDO Opportunity Master Fund, L.P.

<u>Date</u>	<u>Rate</u>	<u>Total Net Amount Less Interest</u>	<u>Daily Interest</u>
9/15/2008	2.496880%	10,000,412.87	\$ 693.61
9/16/2008	2.747500%	10,000,412.87	763.23
9/17/2008	3.030000%	10,000,412.87	841.70
9/18/2008	3.187500%	10,000,412.87	885.45
9/19/2008	3.190000%	10,000,412.87	886.15
9/20/2008	3.190000%	10,000,412.87	886.15
9/21/2008	3.190000%	10,000,412.87	886.15
9/22/2008	3.176250%	10,000,412.87	882.33
9/23/2008	3.206880%	10,000,412.87	890.84
9/24/2008	3.428750%	10,000,412.87	952.47
9/25/2008	3.708750%	10,000,412.87	1,030.25
9/26/2008	3.708750%	10,000,412.87	1,030.25
9/27/2008	3.708750%	10,000,412.87	1,030.25
9/28/2008	3.708750%	10,000,412.87	1,030.25
9/29/2008	3.720000%	10,000,412.87	1,033.38
9/30/2008	3.926250%	10,000,412.87	1,090.67
10/1/2008	4.002500%	10,000,412.87	1,111.85
10/2/2008	4.045000%	10,000,412.87	1,123.66
10/3/2008	4.110000%	10,000,412.87	1,141.71
10/4/2008	4.110000%	10,000,412.87	1,141.71
10/5/2008	4.110000%	10,000,412.87	308.35
10/6/2008	4.092500%	10,000,412.87	1,136.85
10/7/2008	4.140000%	10,000,412.87	1,150.05
10/8/2008	4.293750%	10,000,412.87	1,192.76
10/9/2008	4.512500%	10,000,412.87	1,253.52
10/10/2008	4.587500%	10,000,412.87	1,274.36
Total Interest			\$ 25,647.94

GRAB

CLOSE/ASK/YIELD

US0001M LIBOR-USD Fix 1 Month

Range 4/10/08 to 10/10/08

Period Daily

HI 4.58750 ON 10/10/08
AVE 2.70028
LOW 2.37875 ON 5/27/08

Index HP

Page 1 / 3

DATE	YIELD	DATE	YIELD	DATE	YIELD
F 10/10 H	4.58750	F 9/19	3.19000	F 8/29	2.48563
T 10/ 9	4.51250	T 9/18	3.18750	T 8/28	2.48625
W 10/ 8	4.29375	W 9/17	3.03000	W 8/27	2.46875
T 10/ 7	4.14000	T 9/16	2.74750	T 8/26	2.47000
M 10/ 6	4.09250	M 9/15	2.49688	M 8/25	
F 10/ 3	4.11000	F 9/12	2.48813	F 8/22	2.47188
T 10/ 2	4.04500	T 9/11	2.48750	T 8/21	2.47188
W 10/ 1	4.00250	W 9/10	2.48688	W 8/20	2.47188
T 9/30	3.92625	T 9/ 9	2.48875	T 8/19	2.47125
M 9/29	3.72000	M 9/ 8	2.48813	M 8/18	2.47063
F 9/26	3.70375	F 9/ 5	2.48688	F 8/15	2.46563
T 9/25	3.70875	T 9/ 4	2.48688	T 8/14	2.46563
W 9/24	3.42875	W 9/ 3	2.48750	W 8/13	2.46688
T 9/23	3.20688	T 9/ 2	2.48563	T 8/12	2.46375
M 9/22	3.17625	M 9/ 1	2.48563	M 8/11	2.46375

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 3204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 5212 1000 U.S. 1 212 318 2000
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H146-7339-0 10-Oct-08 7:14:42

LightPoint CLO V summary collateral
reporting as of September 11, 2009

Exempt to Law
Exempt to Tax
Exempt to PFR

				on-the-run Yield Curve									
				1 mo	3 mo	6 mo	2 yr	5 yr	10 yr	30 yr	as of		
The Yield Curve controls the pricing spreads, not the cashflows. Cashflows can be controlled in lowest rate assumptions section "CLASS+PICKABLE"													
Tranche	B (52225me9)	Orig Face \$	FULL	Settle Date 8/17/2008							Oct 02 2008 16:37 EDT		

Forecast Assumptions

Unit	Solver	Detail	1 mo	2 mo	3 mo	4 mo	5 mo	6 mo	7 mo
No Rate Shock			10						
Premium using CDR			3						
Default using CDR			30						
Loss Recovery %			70						
Default using CDR			3						
Loss Recovery %			70						
Collateral Reinvestment - per model									
per model - Reinvest from Interest									
per model - Liquidation Price									
Tranche per model									
Calls per model									

Analysis Results

Results Table

Cashflows	595	Dec Margin 600	\$100 Yield
Deal Loss	605		67.9470 10.3081
Waterfall			67.4617 10.3082
Index Results			67.1635 10.4102
Forecasted Tranche			

Additional
Analysis

WAL
WAL of Interest Payments
Principal Write-down
Principal Write-down Percentage
Accum Int Shortfall
Accum Coup Gap Shortfall
Min Credit Support Pct
Maturity Bonus
Mod Durn
Mod Convexity
Net Asset Loss
Net Asset Loss Percentage
Net Asset Loss (+ Historical)
Net Asset Loss (+ Historical) Percentage
Net Asset Liquidation
Net Asset Liquidation Percentage

Forecast Rates

Relative Forecast

relative rates

Month

LIBOR 1MO LIBOR 2MO

LIBOR 3MO LIBOR 6MO PRIME

1	4.045	4.106	4.207	4.653	5
2	4.163001	4.272504	4.197832	4.529635	
3	4.279033	4.14603	4.053202	3.894463	
4	3.891003	3.876232	3.858419	3.909383	
5	3.841881	3.822108	3.862393	3.961154	
6	3.792558	3.83725	3.89658	3.89957	
7	3.903868	3.833292	3.82251	3.813689	
8	3.841848	3.819072	3.804355	3.875488	
9	3.871541	3.830725	3.858479	3.750124	
10	3.849478	3.84602	3.888947	3.847038	
11	3.834625	3.86229	3.809533	3.469302	
12	3.878918	3.785074	3.859405	3.244515	
13	3.878336	3.52771	3.39431	2.870999	
14	3.368703	3.242358	3.099552	2.713156	
15	3.088294	2.847857	2.811901	2.472853	
16	2.782815	2.66634	2.5441	2.271828	
17	2.627668	2.411119	2.30887	2.122787	
18	2.288448	2.164807	2.11891	2.028446	
19	2.085942	2.029708	1.988915	2.031551	
20	1.960105	1.828029	1.82859	2.111396	
21	1.864799	1.80519	1.847666	2.172131	
22	1.815421	1.878987	2.008925	2.601332	
23	2.028183	2.139106	2.286106	2.783108	
24	2.246413	2.41213	2.546414	3.098472	
25	2.57103	2.746867	2.821032	3.404391	
26	2.810057	3.090342	3.251558	3.738193	
27	3.256712	3.425903	3.58874	4.020551	
28	3.845523	3.748687	3.894633	4.283668	
29	3.895013	4.043138	4.180738	4.510526	
30	4.177703	4.259912	4.428419	4.658382	
31	4.420112	4.527978	4.634110	4.807241	
32	4.632758	4.720708	4.790248	4.869635	
33	4.790161	4.850205	4.880335	4.877064	
34	4.893446	4.919138	4.923276	4.841464	
35	4.927344	4.918814	4.890457	4.771013	
36	4.892187	4.85209	4.807825	4.678911	
37	4.792446	4.746438	4.70159	4.57918	
38	4.601723	4.627041	4.595385	4.48464	
39	4.575697	4.534318	4.495658	4.400241	
40	4.412723	4.438012	4.404853	4.227218	
41	4.365392	4.353055	4.24613	4.268027	
42	4.304986	4.278587	4.256770	4.224316	
43	4.236986	4.217545	4.203303	4.189173	
44	4.183331	4.171862	4.166296	4.180785	
45	4.145845	4.143485	4.147734	4.200288	
46	4.128768	4.134344	4.14635	4.223735	
47	4.127726	4.146352	4.111712	4.257814	
48	4.160781	4.170343	4.209197	4.288851	
49	4.183410	4.223805	4.253992	4.342805	
50	4.230178	4.280359	4.299071	4.386011	
51	4.284207	4.313679	4.248807	4.427537	
52	4.327701	4.356553	4.384884	4.467185	
53	4.380848	4.370785	4.432388	4.504518	
54	4.408827	4.437102	4.463803	4.538854	
55	4.448031	4.474348	4.500014	4.572478	
56	4.484045	4.502691	4.533805	4.602422	
57	4.517655	4.541715	4.564963	4.629755	
58	4.548805	4.571406	4.592327	4.654765	
59	4.576814	4.588151	4.618848	4.677887	
60	4.601036	4.621837	4.641576	4.698799	
61	4.624204	4.643588	4.662718	4.718412	
62	4.646072	4.664082	4.682657	4.73678	
63	4.666876	4.68332	4.701468	4.753945	
64	4.683359	4.701487	4.718906	4.769882	
65	4.701028	4.718849	4.735487	4.784346	
66	4.717349	4.73415	4.750585	4.797509	
67	4.732347	4.748538	4.764338	4.809211	
68	4.748808	4.761552	4.776643	4.819462	
69	4.758277	4.773143	4.787872	4.828474	
70	4.769090	4.783255	4.79665	4.836524	
71	4.77842	4.791832	4.804462	4.843969	
72	4.789185	4.798874	4.811782	4.850941	
73	4.792846	4.805414	4.818314	4.857952	
74	4.799913	4.811929	4.824996	4.865225	
75	4.806626	4.818715	4.831874	4.872889	
76	4.812534	4.825822	4.839206	4.880963	
77	4.818181	4.833333	4.847007	4.889502	
78	4.824116	4.841178	4.855125	4.898554	
79	4.834483	4.849519	4.863787	4.908187	
80	4.84403	4.858302	4.872849	4.918341	
81	4.853103	4.867758	4.882687	4.928889	
82	4.862748	4.877753	4.892349	4.939555	
83	4.873011	4.888391	4.903991	4.950311	

84	4.383929	4.899525	4.815094	4.942752
85	4.895307	4.910635	4.925625	4.968705
86	4.906049	4.921009	4.935717	4.978218
87	4.916871	4.932034	4.944552	4.985718
88	4.924743	4.932081	4.952597	4.992104
89	4.932133	4.942225	4.959522	4.997534
90	4.939512	4.952029	4.965238	5.001795
91	4.945246	4.957932	4.970102	5.004015
92	4.950115	4.962104	4.973870	5.006918
93	4.955178	4.965274	4.978418	5.009642
94	4.960236	4.967732	4.977787	5.009294
95	4.957878	4.966207	4.978059	5.008891
96	4.957852	4.967725	4.977738	5.009267
97	4.957118	4.967160	4.977458	5.010066
98	4.956723	4.967111	4.977775	5.011502
99	4.957021	4.967781	4.978638	5.013947
100	4.958059	4.969219	4.980095	5.017118
101	4.959886	4.971472	4.983334	5.021334
102	4.962547	4.974587	4.988962	5.026403
103	4.966090	4.978611	4.991608	5.032012
104	4.970563	4.983503	4.997019	5.039757
105	4.976012	4.989978	5.003562	5.047657
106	4.982485	4.996917	5.011135	5.055568
107	4.990003	5.004754	5.019788	5.063397
108	4.998693	5.013814	5.02865	5.070528
109	5.008074	5.023707	5.038635	5.077651
110	5.018404	5.034297	5.043712	5.083896
111	5.029191	5.045012	5.049022	5.089386
112	5.040383	5.049703	5.054495	5.094518
113	5.051835	5.043416	5.054348	5.093642
114	5.063378	5.044402	5.054444	5.092904
115	5.073388	5.043808	5.055772	5.091623
116	5.082209	5.040684	5.049138	5.089717
117	5.088672	5.038479	5.043628	5.087654
118	5.092235	5.035004	5.038017	5.085217
119	5.094846	5.021817	5.028846	5.042774
120	5.096646	5.011388	5.01842	5.03291
121	4.995404	5.000527	5.008308	5.023425
122	4.984436	4.990236	4.995918	5.014156
123	4.974977	4.980771	4.986859	5.007025
124	4.965978	4.972187	4.978700	5.002077
125	4.957878	4.964525	4.971501	4.994555
126	4.950718	4.957828	4.965288	4.989004
127	4.944542	4.952142	4.960111	4.985266
128	4.939209	4.947551	4.956072	4.982056
129	4.935113	4.943972	4.953036	4.982565
130	4.932340	4.941674	4.951235	4.982046
131	4.930620	4.940328	4.950243	4.982251
132	4.929924	4.940278	4.950709	4.983202
133	4.930377	4.940524	4.951877	4.984109
134	4.931212	4.941873	4.953423	4.985648
135	4.932765	4.943045	4.955829	4.987343
136	4.933518	4.944454	4.958478	4.989322
137	4.935057	4.946100	4.961527	4.991523
138	4.936844	4.948021	4.965028	4.994049
139	4.938878	4.950201	4.969156	4.996859
140	4.941187	4.952561	4.964712	4.999925
141	4.943779	4.955412	4.967187	5.002260
142	4.946665	4.958403	4.970409	5.005764
143	4.949857	4.961627	4.973848	5.007911
144	4.953385	4.965362	4.977001	5.009113
145	4.956897	4.969231	4.979748	5.009934
146	4.959528	4.973892	4.98268	5.007384
147	4.962447	4.969017	4.97927	5.004071
148	4.959287	4.968346	4.978889	4.999057
149	4.960919	4.968114	4.978206	4.99723
150	4.962902	4.968236	4.979194	4.997192
151	4.964718	4.968666	4.980538	4.997402
152	4.967888	4.968319	4.982523	4.996137
153	4.969573	4.968118	4.984156	4.994156
154	4.969573	4.972329	4.978187	4.983425
155	4.969673	4.969368	4.971597	4.9821847
156	4.972003	4.968418	4.966699	4.976037
157	4.978156	4.970157	4.983124	4.980159
158	4.982399	4.968632	4.972271	4.974966
159	4.985626	4.967824	4.96449	4.969201
160	4.983259	4.951219	4.959886	4.963375
161	4.932744	4.942538	4.958481	4.961488
162	4.937840	4.948547	4.965442	4.963412
163	4.938730	4.952147	4.965768	4.9614258
164	4.945016	4.959184	4.974607	4.972502
165	4.952156	4.969742	4.980723	4.984573
166	4.960445	4.983023	4.9931	4.9984204
167	4.981964	4.991781	4.992369	4.983429
168	4.981968	4.992343	4.994372	5.002111
169	4.992375	4.994587	4.994455	5.018331
170	4.994908	4.994325	4.992967	5.030063
171	4.995238	4.991168	4.990828	5.045819
172	4.997953	4.995940	5.012003	5.054033
173	4.992131	5.007899	5.022383	5.060936
174	5.002437	5.016654	5.029911	5.06806
175	5.009965	5.022145	5.034581	5.064137
176	5.014589	5.029506	5.034245	5.061101
177	5.016201	5.02667	5.034466	5.059524
178	5.014818	5.023171	5.030378	5.047938
179	5.010487	5.017142	5.022390	5.03665
180	5.002908	5.00619	5.013178	5.022288
181	4.992557	4.997627	5.002245	5.011284
182	4.981871	4.986801	4.991721	5.006477
183	4.971504	4.978988	4.980872	4.995485
184	4.960333	4.965183	4.970645	4.984874
185	4.949593	4.954422	4.959746	4.973899
186	4.938808	4.943681	4.948479	4.962687
187	4.928189	4.933018	4.937715	4.952683
188	4.917557	4.922311	4.927067	4.941352
189	4.906958	4.911694	4.916423	4.930682
190	4.896408	4.901126	4.906165	4.920077
191	4.885914	4.890623	4.891338	4.909543
192	4.875461	4.880181	4.88480	4.899008
193	4.865114	4.869802	4.874514	4.888215
194	4.854821	4.859513	4.864218	4.878432
195	4.844605	4.849328	4.854007	4.868244
196	4.834474	4.839172	4.838387	4.858167
197	4.824432	4.829128	4.833863	4.848177
198	4.814487	4.819204	4.823942	4.838309
199	4.804643	4.809314	4.814129	4.82856
200	4.794907	4.799655	4.80443	4.818836
201	4.785283	4.790052	4.794451	4.809442
202	4.775777	4.780572	4.783388	4.800084
203	4.766383	4.771218	4.776876	4.790868
204	4.757146	4.762	4.768891	4.78181
205	4.748032	4.752821	4.757849	4.772880
206	4.738959	4.743887	4.743887	4.764132
207	4.730235	4.735205	4.740218	4.755543
208	4.721563	4.725919	4.731642	4.747128
209	4.713051	4.718117	4.723231	4.738806
210	4.704704	4.709823	4.714992	4.730828
211	4.696528	4.701702	4.706931	4.72296
212	4.688528	4.693787	4.699063	4.715225
213	4.680709	4.686008	4.691365	4.707812
214	4.673078	4.678444	4.682671	4.700545
215	4.665641	4.671077	4.676578	4.693491
216	4.658402	4.663914	4.669403	4.686557
217	4.651369	4.65696	4.662621	4.680046
218	4.644548	4.650222	4.658949	4.673871
219	4.637845	4.643706	4.648543	4.66783
220	4.631367	4.637419	4.643235	4.66183
221	4.625119	4.631368	4.637394	4.655976
222	4.619507	4.625552	4.631878	4.65057
223	4.613835	4.619979	4.626207	4.645419
224	4.608404	4.61455	4.620983	4.640528

225	4.803218	4.69967	4.810012	4.635906
226	4.592823	4.604745	4.611239	4.631865
227	4.592604	4.600179	4.606352	4.627516
228	4.589187	4.595583	4.602085	4.623771
229	4.585844	4.591872	4.598016	4.62024
230	4.581199	4.58817	4.593556	4.617231
231	4.577665	4.584782	4.592017	4.614434
232	4.574448	4.581716	4.589102	4.611835
233	4.571554	4.578975	4.586514	4.609172
234	4.56899	4.576559	4.584224	4.607773
235	4.566741	4.574424	4.582197	4.606079
236	4.564735	4.572523	4.580465	4.60482
237	4.562955	4.570853	4.578846	4.60336
238	4.561406	4.569417	4.577324	4.602261
239	4.560293	4.568219	4.575943	4.601382
240	4.559002	4.567243	4.574697	4.600385
241	4.558146	4.566338	4.573485	4.599527
242	4.557318	4.565532	4.572305	4.598715
243	4.556482	4.564714	4.571063	4.597821
244	4.555647	4.563874	4.572119	4.596965
245	4.554809	4.563033	4.571274	4.596158
246	4.553971	4.56218	4.570427	4.595249
247	4.55313	4.561346	4.569579	4.594389
248	4.552288	4.5605	4.568728	4.593528
249	4.551445	4.559652	4.567878	4.592685
250	4.5506	4.558804	4.567028	4.591801
251	4.549754	4.557954	4.566172	4.590936
252	4.548907	4.557103	4.565318	4.59007
253	4.548059	4.556251	4.564464	4.589202
254	4.547211	4.555398	4.56361	4.588326
255	4.546359	4.554544	4.562747	4.587466
256	4.545508	4.553689	4.561888	4.586597
257	4.544655	4.552833	4.561029	4.585728
258	4.543802	4.551978	4.56018	4.584855
259	4.542948	4.551119	4.559307	4.583983
260	4.542093	4.55026	4.558445	4.58311
261	4.541238	4.549401	4.557583	4.582237
262	4.540382	4.548542	4.55672	4.581384
263	4.539526	4.547682	4.555856	4.58054
264	4.538669	4.546822	4.554993	4.579616
265	4.537811	4.545961	4.554128	4.578742
266	4.536954	4.5451	4.553264	4.577867
267	4.536096	4.544238	4.552399	4.576992
268	4.535237	4.543377	4.551534	4.576118
269	4.534379	4.542515	4.550669	4.575243
270	4.533521	4.541653	4.549804	4.574368
271	4.532662	4.540792	4.54894	4.573494
272	4.531804	4.53993	4.548075	4.572619
273	4.530945	4.539069	4.54721	4.571745
274	4.530087	4.538207	4.546345	4.570872
275	4.529228	4.537349	4.545481	4.569999
276	4.528371	4.536485	4.544617	4.569125
277	4.527514	4.535625	4.543754	4.568253
278	4.526657	4.534765	4.542891	4.567381
279	4.5258	4.533906	4.542029	4.56651
280	4.524944	4.533046	4.541167	4.565639
281	4.524089	4.532188	4.540306	4.564767
282	4.523234	4.53133	4.539445	4.563895
283	4.522378	4.530474	4.538585	4.563023
284	4.521521	4.529618	4.537727	4.562166
285	4.520665	4.528763	4.536869	4.5613
286	4.519807	4.527908	4.536012	4.560435
287	4.518953	4.527055	4.535156	4.559571
288	4.518112	4.526202	4.534301	4.558708
289	4.517271	4.525332	4.533448	4.557847
290	4.516428	4.524502	4.532595	4.556987
291	4.515582	4.523684	4.531744	4.556127
292	4.514737	4.522866	4.530896	4.555271
293	4.513884	4.521961	4.530048	4.554418
294	4.513032	4.521116	4.529202	4.553562
295	4.512181	4.520273	4.528354	4.55271
296	4.511332	4.519432	4.527511	4.551858
297	4.510485	4.518592	4.526668	4.55101
298	4.50964	4.517754	4.525826	4.550163
299	4.508805	4.516915	4.524989	4.549313
300	4.508033	4.516084	4.524152	4.548475
301	4.507203	4.515251	4.523318	4.547634
302	4.506374	4.514421	4.522485	4.546795
303	4.505545	4.513592	4.521656	4.545959
304	4.504723	4.512766	4.520827	4.545124
305	4.503901	4.511941	4.520001	4.544282
306	4.503081	4.511119	4.519177	4.543442
307	4.502263	4.510299	4.518358	4.542603
308	4.501447	4.509482	4.517535	4.54181
309	4.500634	4.508667	4.516718	4.540988
310	4.499822	4.507854	4.515904	4.540168
311	4.499015	4.507044	4.515092	4.539351
312	4.498209	4.506236	4.514283	4.538537
313	4.497405	4.505431	4.513476	4.537725
314	4.496603	4.504628	4.512672	4.536917
315	4.495807	4.50383	4.511871	4.536111
316	4.495012	4.503033	4.511072	4.535309
317	4.494219	4.502238	4.510278	4.534499
318	4.493434	4.501448	4.509488	4.533713
319	4.492644	4.50066	4.508695	4.532918
320	4.491858	4.499875	4.507901	4.53211
321	4.49108	4.499094	4.507128	4.531343
322	4.490303	4.498315	4.506348	4.53056
323	4.489523	4.497541	4.505572	4.52978
324	4.488759	4.49677	4.504799	4.529004
325	4.487992	4.496002	4.504023	4.528221
326	4.487228	4.495237	4.503254	4.527441
327	4.486468	4.494475	4.502501	4.526695
328	4.485711	4.493717	4.501742	4.525933
329	4.484957	4.492962	4.500988	4.525175
330	4.484207	4.49221	4.500234	4.524422
331	4.48346	4.491453	4.499486	4.523673
332	4.482718	4.490721	4.498743	4.522929
333	4.48198	4.489992	4.498005	4.522189
334	4.481248	4.48925	4.497272	4.521452
335	4.48052	4.488522	4.496543	4.52072
336	4.479787	4.487799	4.495819	4.51999
337	4.479079	4.487078	4.495096	4.51926
338	4.478362	4.486359	4.494375	4.518533
339	4.477646	4.485641	4.493654	4.517809
340	4.47693	4.484923	4.492934	4.517091
341	4.476218	4.484207	4.492218	4.516363
342	4.475503	4.483492	4.491505	4.515638
343	4.474793	4.482787	4.490805	4.514906
344	4.474088	4.482089	4.490123	4.514184
345	4.473382	4.481377	4.489458	4.513465
346	4.472676	4.480673	4.488811	4.512725
347	4.471971	4.48036	4.488178	4.512022
348	4.471264	4.479615	4.487543	4.511356
349	4.470578	4.478881	4.486887	4.510625
350	4.469829	4.478207	4.486289	4.509915
351	4.469088	4.477489	4.485645	4.509232
352	4.468359	4.476728	4.484957	4.508541
353	4.467615	4.475919	4.484303	4.507875
354	4.466871	4.475083	4.483647	4.507214
355	4.466132	4.474321	4.483011	4.506529
356	4.465386	4.473528	4.482375	4.505841
357	4.464651	4.472731	4.481737	4.505156
358	4.463917	4.471928	4.481101	4.504468
359	4.463177	4.471123	4.480464	4.503779
360	4.462433	4.470323	4.479827	4.503089

Cash Reinvest Rate

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5117-4379

MSIM Pecunia Bay (assumed collateral) reporting as-of September 8, 2008									
Export to Excel Export to Text Export to PDF									

93 4.953778 4.965274 4.979418 5.000042
94 4.954309 4.967332 4.977787 5.000494
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105 4.970912 4.989979 5.002362 5.047557
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107 4.96902 5.004754 5.019785 5.063397
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115 5.033888 5.043808 5.05474 5.076253
116 5.032299 5.040984 5.049136 5.069717
117 5.028072 5.036479 5.043804 5.061654
118 5.023235 5.032004 5.03817 5.052517
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121 4.995484 5.000537 5.005838 5.023425
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264	4.538669	4.546822	4.555493	4.559719
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269	4.534379	4.542515	4.551699	4.555843
270	4.533521	4.541653	4.550934	4.555068
271	4.532662	4.540792	4.550174	4.554294
272	4.531804	4.53993	4.549415	4.553519
273	4.530945	4.539068	4.548655	4.552744
274	4.530087	4.538207	4.547895	4.551969
275	4.529229	4.537346	4.547135	4.551194
276	4.528371	4.536485	4.546375	4.550419
277	4.527514	4.535625	4.545615	4.549644
278	4.526657	4.534765	4.544855	4.548869
279	4.5258	4.533905	4.544095	4.548094
280	4.524944	4.533045	4.543335	4.547319
281	4.524086	4.532185	4.542575	4.546544
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283	4.52237	4.530464	4.541055	4.544994
284	4.521512	4.529604	4.540295	4.544219
285	4.520654	4.528743	4.539535	4.543444
286	4.519796	4.527883	4.538775	4.542669
287	4.518938	4.527023	4.538015	4.541894
288	4.51808	4.526163	4.537255	4.541119
289	4.517221	4.525303	4.536495	4.540344
290	4.516363	4.524443	4.535735	4.539569
291	4.515505	4.523583	4.534975	4.538794
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293	4.513789	4.521863	4.533455	4.537244
294	4.512931	4.521003	4.532695	4.536469
295	4.512073	4.520143	4.531935	4.535694
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297	4.510357	4.518423	4.530415	4.534144
298	4.5095	4.517563	4.529655	4.533369
299	4.508642	4.516703	4.528895	4.532594
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301	4.506926	4.514983	4.527375	4.531044
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308	4.50092	4.508963	4.522055	4.525619
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316	4.494056	4.502083	4.515975	4.519419
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318	4.49234	4.500363	4.514455	4.517869
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320	4.490624	4.498643	4.512935	4.516319
321	4.489766	4.497783	4.512175	4.515544
322	4.488908	4.496923	4.511415	4.514769
323	4.48805	4.496063	4.510655	4.513994
324	4.487192	4.495203	4.509895	4.513219
325	4.486334	4.494343	4.509135	4.512444
326	4.485476	4.493483	4.508375	4.511669
327	4.484618	4.492623	4.507615	4.510894
328	4.48376	4.491763	4.506855	4.510119
329	4.482902	4.490903	4.506095	4.509344
330	4.482044	4.490043	4.505335	4.508569
331	4.481186	4.489183	4.504575	4.507794
332	4.480328	4.488323	4.503815	4.507019
333	4.47947	4.487463	4.503055	4.506244
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335	4.477754	4.485743	4.501535	4.504694
336	4.476896	4.484883	4.500775	4.503919
337	4.476038	4.484023	4.500015	4.503144
338	4.47518	4.483163	4.499255	4.502369
339	4.474322	4.482303	4.498495	4.501594
340	4.473464	4.481443	4.497735	4.500819
341	4.472606	4.480583	4.496975	4.500044
342	4.471748	4.479723	4.496215	4.499269
343	4.47089	4.478863	4.495455	4.498494
344	4.470032	4.478003	4.494695	4.497719
345	4.469174	4.477143	4.493935	4.496944
346	4.468316	4.476283	4.493175	4.496169
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348	4.4666	4.474563	4.491655	4.494619
349	4.465742	4.473703	4.490895	4.493844
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351	4.464026	4.471983	4.489375	4.492294
352	4.463168	4.471123	4.488615	4.491519
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354	4.461452	4.469403	4.487095	4.490000
355	4.460594	4.468543	4.486335	4.489225
356	4.459736	4.467683	4.485575	4.488450
357	4.458878	4.466823	4.484815	4.487675
358	4.45802	4.465963	4.484055	4.486900
359	4.457162	4.465103	4.483295	4.486125
360	4.456304	4.464243	4.482535	4.485350

Cash Rebate Rate

LIBOR_1MO + .25

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5117-0310

MSJM Peconic Bay (asw/collateral)
reporting as of September 5, 2008

Loaner List
Loaner Fee
Loaner POF

						on-the-run Yield Curve								as of
						1 mo	3 mo	6 mo	2 yr	5 yr	10 yr	30 yr		
The Yield Curve controls the pricing spreads, not the cashflows. Cashflows can be controlled in forward rate assumptions section. CLASRA-RE calculation						0.581	0.593	1.197	1.608	2.654	3.03	4.154	Oct 03 2008 15:52 EDT	
Tranche	D (5520833a3)	Only Face \$	FILL	Settle Date	8/17/2008									

Forecast Assumptions

Start	Units	Solver	Detail	1 day	2 day	3 day	4 day	5 day	6 day	7 day
-------	-------	--------	--------	-------	-------	-------	-------	-------	-------	-------

Asset/Loss Item

Loan

Collat Reinvestment - per model
per model - Liquidation Price
Tiebreak per model
Cells per model

Analysis Results

Results Table

705

Diso Margin 300

5/100 Yield

75.8336 12.2167
75.7187 12.2480
75.5046 12.3193

Cashflows
Dead Loss
Material
Index Results
Forecasted Trainers

Additional
Analysis

11 7.84
Jul10 - 4.15
0
0.00%

WAL
WAL of Interest Payments
Principal Window
Principal Writedown
Principal Writedown Percentage
Accum Int Shortfall
Accum Coup Gap Shortfall
Min Credit Support Pct
Maturity 8mos
Mod Convexity
Mod Duration
Net Asset Loss
Net Asset Loss Percentage
Net Asset Loss (+ Historical)
Net Asset Loss (+ Historical) Percentage
Net Asset Liquidation Percentage

Rates Forecast

Forecast Rates	Month	LIBOR 1MO	LIBOR 2MO	LIBOR 3MO	LIBOR 6MO	PRIME
----------------	-------	-----------	-----------	-----------	-----------	-------

1	4.945	4.106	4.207	4.053	5
2	4.151001	4.275594	4.157652	4.029085	
3	4.270333	4.14563	4.052262	3.994682	
4	3.899303	3.870332	3.838419	3.805343	
5	3.841181	3.820108	3.803393	3.801184	
6	3.786236	3.85725	3.89588	3.898857	
7	3.803808	3.833292	3.82251	3.813669	
8	3.840340	3.810072	3.804258	3.815446	
9	3.875541	3.863725	3.868479	3.780124	
10	3.849476	3.84802	3.868947	3.647026	
11	3.834205	3.80329	3.89533	3.483302	
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13	3.878335	3.53771	3.38431	2.979999	
14	3.388703	3.24258	3.096552	2.712156	
15	3.087294	2.947657	2.811901	2.472853	
16	2.788815	2.56634	2.5441	2.271828	
17	2.527903	2.411118	2.30887	2.122187	
18	2.288448	2.194897	2.11891	2.038448	
19	2.095848	2.029708	1.980919	2.031951	
20	1.905189	1.970209	1.92559	2.111296	
21	1.804799	1.90519	1.847666	2.272131	
22	1.812562	1.979887	2.068925	2.501333	
23	2.020183	2.139196	2.258186	2.732189	
24	2.248413	2.41212	2.584014	3.098472	
25	2.57103	2.740667	2.921852	3.474391	
26	2.910687	3.096342	3.281558	3.781883	
27	3.250712	3.459883	3.58074	4.028851	
28	3.585923	3.749087	3.898532	4.288908	
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31	4.425112	4.537879	4.634116	4.807341	
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33	4.780161	4.850785	4.892235	4.877664	
34	4.890346	4.819130	4.823528	4.841454	
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348	4.466605	4.47453	4.562334	4.550016
349	4.465747	4.47367	4.562469	4.550016
350	4.464889	4.47281	4.562604	4.550016
351	4.464031	4.47195	4.562739	4.550016
352	4.463173	4.47109	4.562874	4.550016
353	4.462315	4.47023	4.563009	4.550016
354	4.461457	4.46937	4.563144	4.550016
355	4.460599	4.46851	4.563279	4.550016
356	4.459741	4.46765	4.563414	4.550016
357	4.458883	4.46679	4.563549	4.550016
358	4.458025	4.46593	4.563684	4.550016
359	4.457167	4.46507	4.563819	4.550016
360	4.456309	4.46421	4.563954	4.550016

Cash Reinvestment Rate

UBOR_RMO - - 25

Generated on Oct 2, 2008 at 15:25 for Paul
Roux of Highland Capital Management
Information provided herein is believed to
be accurate, but INTECH cannot
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5117-6270

MSIM Pecos Bay (wpw)collateral
reopening as of September 5, 2008

Excess to Cash
Excess to Debt
Excess to P&P

				on-line-nm Yield Curve									
				1 mo	3 mo	6 mo	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	30 yr
The Yield Curve controls the pricing spreads, not the cashflows. Cashflows can be controlled in forward rate assumptions section. CLASS=PClickable				0.081	0.503	1.197	1.608	2.654	3.83	4.164			
Tanche E (553687aa)				Oct 02 2008 10:37									

Forecast Assumptions		Units	Solver	Detail	1 day	2 day	3 day	4 day	5 day	6 day	7 day
Strat		No Rate Shocks									
		Prism vshw CPR		10							
		Default vshw CDR		3							
Asset Life Bond		Loss Recovery %		30							
		Default vshw CDR		3							
Loan		Loss Recovery %		70							
		Capital Reinvestment - per model									
		per model - Liquidation Price									
		Tranche per model									
		Colls per model									

Analytic Results		Results Table		5/100 Yield	
				72.8345 15.7090	
				72.8540 15.8500	
				72.4702 15.9025	
		Cashflow	1145		
		Deal Loss	1155		
		Waterfall			
		Index Results			
		Forecasted Tranche			
Additional Analytics				11 7.84	
				Jul16 - Jul18	
				0	
				0.00%	
				0	
WAL					
WAL of Interest Payments					
Principal Window					
Principal Write-down					
Principal Write-down Percentage				85	
Accum Int Shortfall				4.814	
Accum Coup Gap Shortfall				0.325	
Min Credit Support Pct				10,172,280.22	
Maturity Wmos				4.03%	
Mod Durm				10,172,280.22	
Mod Convexity				4.03%	
Net Asset Loss				04,549,470.71	
Net Asset Loss Percentage				16.01%	
Net Asset Loss (+ Historical)					
Net Asset Loss (+ Historical) Percentage					
Rebase reference to 0%					
Net Asset Liquidation Percentage					

Rates Forecast		Forecast Rates		LIBOR 1MO		LIBOR 2MO		LIBOR 3MO		LIBOR 6MO		PRIMS	
		Month											
		1		4.045		4.108		4.207		4.053		5	
		2		4.153001		4.270594		4.197852		4.028085			
		3		4.278003		4.14563		4.053262		3.904483			
		4		3.880003		3.878232		3.854419		3.905383			
		5		3.841981		3.826108		3.860303		3.801104			
		6		3.798256		3.85725		3.896658		3.809857			
		7		3.903888		3.833292		3.82251		3.915849			
		8		3.849849		3.819072		3.804255		3.875486			
		9		3.875541		3.868725		3.865478		3.780124			
		10		3.849416		3.84502		3.869471		3.847036			
		11		3.834265		3.82320		3.805533		3.487302			
		12		3.879918		3.785074		3.850405		3.748515			
		13		3.876336		3.53771		3.38451		2.979999			
		14		3.306703		3.245328		3.089522		2.715150			
		15		3.089284		2.847657		2.811901		2.478253			
		16		2.788815		2.86834		2.5441		2.271828			
		17		2.527065		2.411118		2.30637		2.127187			
		18		2.288448		2.184097		2.11801		2.038446			
		19		2.096946		2.020708		1.866915		2.021851			
		20		1.900165		1.670029		1.82539		2.111306			
		21		1.884799		1.80518		1.847666		2.272131			
		22		1.812562		1.707097		2.085025		2.501233			
		23		2.016183		2.139198		2.260195		2.153188			
		24		2.248413		2.41213		2.584014		3.096472			
		25		2.57103		2.746667		2.921562		3.474391			
		26		2.916057		3.090242		3.291558		3.720183			
		27		3.256712		3.425903		3.50974		4.028551			
		28		3.585023		3.745007		3.898553		4.268988			
		29		3.895013		4.043138		4.180738		4.510526			
		30		4.177703		4.309612		4.428419		4.658592			
		31		4.428112		4.537978		4.634116		4.807241			
		32		4.632758		4.720705		4.790246		4.886625			
		33		4.790161		4.850265		4.889235		4.877954			
		34		4.890946		4.818136		4.823520		4.841494			
		35		4.827344		4.818814		4.80457		4.771013			
		36		4.882107		4.85208		4.807625		4.678811			
		37		4.787446		4.748438		4.70159		4.57918			
		38		4.881723		4.83761		4.80526		4.48484			
		39		4.875697		4.824519		4.488458		4.450241			
		40		4.476273		4.430012		4.404953		4.272718			
		41		4.383392		4.332255		4.374812		4.388027			
		42		4.304988		4.278587		4.286778		4.243225			
		43		4.235988		4.217545		4.203393		4.168173			
		44		4.168331		4.171885		4.186396		4.100785			
		45		4.145945		4.140485		4.147734		4.092356			
		46		4.126766		4.134344		4.14935		4.223735			
		47		4.117728		4.140302		4.171721		4.257814			
		48		4.116761		4.170243		4.209197		4.288651			
		49		4.193418		4.223805		4.253992		4.343805			
		50		4.229375		4.280358		4.298071		4.356011			
		51		4.234767		4.313678		4.343807		4.478737			
		52		4.327701		4.356552		4.384984		4.467185			
		53		4.348964		4.397785		4.425328		4.504670			
		54		4.409827		4.437802		4.458303		4.538854			
		55		4.448031		4.474348		4.500014		4.572479			
		56		4.484045		4.509291		4.532605		4.602402			
		57		4.517855		4.541715		4.564962		4.629195			
		58		4.54865		4.571406		4.59327		4.654765			
		59		4.570814		4.588151		4.618648		4.677687			
		60		4.601928		4.621627		4.641572		4.698789			
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		64		4.683359		4.701487		4.719096		4.76982			
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		66		4.717349		4.734515		4.750525		4.797509			
		67		4.732347		4.748538		4.764336		4.809211			
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		79		4.835483		4.848516		4.852767		4.900187			
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		83		4.873011		4.888391		4.900391		4.95611			
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251	4.540754	4.557854	4.566172	4.590038
252	4.540907	4.557103	4.565318	4.590907
253	4.540559	4.556251	4.564462	4.589203
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255	4.541338	4.554544	4.562147	4.587466
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257	4.544055	4.552833	4.561029	4.585728
258	4.543802	4.551978	4.560103	4.584855
259	4.542948	4.551119	4.559307	4.583983
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261	4.541238	4.549401	4.557563	4.582237
262	4.540382	4.548542	4.556722	4.581364
263	4.538626	4.547682	4.555858	4.58049
264	4.538689	4.546822	4.554993	4.579615
265	4.537811	4.545961	4.554128	4.578742
266	4.536854	4.5451	4.553264	4.577867
267	4.535988	4.544238	4.552399	4.576992
268	4.535237	4.543377	4.551534	4.576118
269	4.534378	4.542516	4.550669	4.575243
270	4.533521	4.541653	4.549804	4.574368
271	4.532662	4.540792	4.54894	4.573494
272	4.531804	4.53993	4.548076	4.572618
273	4.530945	4.539068	4.54721	4.571745
274	4.530087	4.538207	4.546345	4.570872
275	4.529228	4.537346	4.545481	4.569998
276	4.528371	4.536485	4.544617	4.569125
277	4.527514	4.535625	4.543754	4.568253
278	4.526657	4.534765	4.542891	4.567381
279	4.5258	4.533906	4.542029	4.566506
280	4.524944	4.533046	4.541167	4.565638
281	4.524089	4.532185	4.540306	4.56477
282	4.523234	4.531323	4.539445	4.563901
283	4.522378	4.530464	4.538583	4.563033
284	4.521527	4.529615	4.537727	4.562166
285	4.520676	4.528763	4.536869	4.5613
286	4.519823	4.527908	4.536012	4.560435
287	4.518973	4.527055	4.535156	4.559571
288	4.518120	4.526203	4.534301	4.558708
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290	4.516428	4.524502	4.532595	4.556987
291	4.515582	4.523654	4.531744	4.556128
292	4.514733	4.522806	4.530895	4.555271
293	4.513884	4.521961	4.530046	4.554416
294	4.513032	4.521118	4.5292	4.553562
295	4.512181	4.520273	4.528354	4.552711
296	4.511332	4.519432	4.527511	4.551859
297	4.510535	4.518592	4.526669	4.55101
298	4.509689	4.517754	4.525828	4.550162
299	4.508865	4.516918	4.524989	4.549318
300	4.508033	4.516084	4.524153	4.548475
301	4.507203	4.515251	4.523319	4.547634
302	4.506374	4.514421	4.522488	4.546795
303	4.505548	4.513592	4.521656	4.545958
304	4.504723	4.512768	4.520827	4.545124
305	4.503901	4.511941	4.520001	4.544292
306	4.503081	4.511118	4.519177	4.543462
307	4.502263	4.510299	4.518355	4.542633
308	4.501447	4.509482	4.517535	4.541811
309	4.500634	4.508667	4.516719	4.540988
310	4.499823	4.507854	4.515904	4.540168
311	4.499015	4.507044	4.515092	4.539351
312	4.498209	4.506236	4.514283	4.538537
313	4.497405	4.505431	4.513476	4.537725
314	4.496608	4.504629	4.512672	4.536917
315	4.495807	4.503832	4.511871	4.536111
316	4.495012	4.503033	4.511073	4.535309
317	4.494219	4.502239	4.510278	4.534506
318	4.49343	4.501448	4.509488	4.533713
319	4.492644	4.50066	4.508696	4.532919
320	4.49185	4.499878	4.50791	4.53213
321	4.49108	4.499094	4.507128	4.531343
322	4.490303	4.498318	4.506348	4.530558
323	4.48953	4.497541	4.505572	4.52978
324	4.488759	4.49677	4.504799	4.529004
325	4.487992	4.496002	4.50403	4.528231
326	4.487229	4.495227	4.503264	4.527461
327	4.486468	4.494458	4.502501	4.526695
328	4.485711	4.493717	4.501742	4.525933
329	4.484959	4.492962	4.500986	4.525175
330	4.484207	4.49221	4.500234	4.524422
331	4.48346	4.491452	4.499485	4.523673
332	4.482718	4.49071	4.498743	4.522928
333	4.48198	4.489953	4.498005	4.522188
334	4.481248	4.489225	4.497272	4.521452
335	4.48052	4.488522	4.496543	4.52072
336	4.479797	4.487796	4.495819	4.51999
337	4.479079	4.487078	4.495096	4.519278
338	4.478352	4.486359	4.494375	4.518533
339	4.477648	4.485641	4.493654	4.517799
340	4.47693	4.484923	4.492934	4.517091
341	4.476216	4.484207	4.492218	4.516383
342	4.475503	4.483492	4.491505	4.515687
343	4.474793	4.482787	4.490805	4.515006
344	4.474099	4.482068	4.490123	4.514342
345	4.47342	4.481427	4.489458	4.513685
346	4.47276	4.480772	4.488811	4.513025
347	4.472118	4.480138	4.488179	4.512352
348	4.471484	4.479518	4.487545	4.511686
349	4.470878	4.478881	4.486937	4.511025
350	4.470229	4.478297	4.486389	4.510356
351	4.469536	4.47769	4.485845	4.509682
352	4.468878	4.477078	4.485307	4.509041
353	4.468215	4.476418	4.484783	4.508395
354	4.467578	4.475763	4.484267	4.50775
355	4.466932	4.475121	4.483761	4.507124
356	4.466288	4.474479	4.483271	4.506498
357	4.465614	4.473831	4.482795	4.505873
358	4.464914	4.473188	4.482333	4.505249
359	4.464277	4.472542	4.481884	4.504625
360	4.463603	4.471897	4.481449	4.504001

Cash Reinvest Rate

LIBOR_1MO *-25

Generated on Oct 2, 2008 at 19:36 for Paul
Roux of Highland Capital Management
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5117-6370

Whitehorse IV (whitehorse) collateral
reporting as of September 9, 2008

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				white-run Yield Curve									
				The Yield Curve controls the pricing spreads, not the cashflows. Cashflows can be controlled in forward rates assumptions section. CLASS=PCickable>									
				1 mo	3 mo	6 mo	2 yr	5 yr	10 yr	30 yr	as of		
				0.887	0.898	1.183	1.59	2.667	3.593	4.105	Oct 03 2008 07:07		

Forecast Assumptions		Units	Solver	Detail	1 mo	2 mo	3 mo	4 mo	5 mo	6 mo	7 mo
		No Rate Shocks									
		Prepay using CPR		10							
		Default using GDR		3							
		Loss Recovery %		30							
		Default using GDR		3							
		Loss Recovery %		70							
		Collateral Reinvestment - per model									
		per model - Liquidation Price									
		Trillions per model									
		calls per model									

Analytic Results		Results Table	5/100 Yield
		0.45	55.4110 10.7583
		0.55	55.2130 10.8095
			55.0853 10.8006
		Cashflows	
		Deal Loss	
		Waterfall	
		Index Results	
		Forecasted Triggers	
		Additional Analytics	
		WAL	8.06
		WAL of Interest Payments	4.89
		Principal Window	Jul17 - Jan18
		Principal Writedown	0
		Principal Writedown Percentage	0.00%
		Accum Int Shortfall	0
		Accum Comp Cap Shortfall	
		Min Credit Support Pct	
		Maturity Bases	113
		Mod Durr	6.877
		Mod Convexity	0.56
		Net Asset Loss	27.644,883.87
		Net Asset Loss Percentage	1.33%
		Net Asset Loss (+ historical)	27.644,885.87
		Net Asset Loss (+ historical) Percentage	0.38%
		Net Asset Liquidation	90,420,651.151
		Net Asset Liquidation Percentage	20.70%

Rates Forecast		Month	LIBOR 1MO	LIBOR 2MO	LIBOR 3MO	PRIME
		1	4.11	4.200	4.334	5
		2	4.207316	4.30024	4.274028	
		3	4.858048	4.352192	4.125345	
		4	3.831403	3.809144	3.85596	
		5	3.874183	3.850523	3.860386	
		6	3.814547	3.841055	3.860415	
		7	3.855307	3.871844	3.88574	
		8	3.874279	3.884934	3.885899	
		9	3.889036	3.885158	3.881274	
		10	3.867703	3.864306	3.885229	
		11	3.848266	3.881451	3.818465	
		12	3.801863	3.791525	3.845719	
		13	3.698206	3.506328	3.340992	
		14	3.333167	3.18581	3.06144	
		15	3.891147	3.825733	2.668007	
		16	2.654004	2.50004	2.358556	
		17	2.341097	2.205653	2.050091	
		18	2.083219	1.954474	1.89248	
		19	1.840402	1.762149	1.710565	
		20	1.881318	1.843129	1.838591	
		21	1.820885	1.811980	1.857611	
		22	1.819080	1.863274	1.789174	
		23	1.745107	1.871893	2.037082	
		24	1.965377	2.1199	2.270640	
		25	2.360487	2.585529	2.785990	
		26	2.751148	2.847495	3.142232	
		27	3.126866	3.221746	3.511235	
		28	3.508465	3.688882	3.85066	
		29	3.852019	4.024101	4.178064	
		30	4.170754	4.324184	4.456551	
		31	4.458104	4.580907	4.680841	
		32	4.687503	4.784443	4.850247	
		33	4.86920	4.972371	4.968082	
		34	4.872206	5.000681	5.001723	
		35	6.008403	4.995781	4.888179	
		36	4.862447	4.912563	4.898395	
		37	4.847053	4.786975	4.72230	
		38	4.711484	4.85837	4.607825	
		39	4.587745	4.538326	4.482818	
		40	4.472311	4.403825	4.386609	
		41	4.360696	4.322247	4.300552	
		42	4.270856	4.250973	4.226163	
		43	4.207085	4.181382	4.174816	
		44	4.183119	4.143856	4.142403	
		45	4.120333	4.122777	4.13391	
		46	4.111105	4.120509	4.15153	
		47	4.127812	4.1575	4.185629	
		48	4.178354	4.215038	4.268097	
		49	4.242480	4.285025	4.327877	
		50	4.31301	4.355174	4.384842	
		51	4.380889	4.418971	4.459743	
		52	4.442235	4.478421	4.512882	
		53	4.487957	4.531132	4.562101	
		54	4.547282	4.577107	4.604584	
		55	4.589961	4.615354	4.639282	
		56	4.624281	4.645477	4.66567	
		57	4.659072	4.668884	4.68354	
		58	4.685502	4.681978	4.681767	
		59	4.678862	4.685172	4.680847	
		60	4.67528	4.678303	4.683142	
		61	4.66817	4.668892	4.673154	
		62	4.65402	4.652033	4.661165	
		63	4.645527	4.650948	4.657008	
		64	4.638411	4.644637	4.650280	
		65	4.633384	4.640284	4.645430	
		66	4.630984	4.639548	4.643352	
		67	4.630634	4.640772	4.638045	
		68	4.631133	4.644878	4.637742	
		69	4.638712	4.652385	4.666665	
		70	4.647483	4.662017	4.676930	
		71	4.658986	4.670995	4.6948	
		72	4.675539	4.694124	4.712758	
		73	4.694418	4.713004	4.731325	
		74	4.713152	4.731307	4.749202	
		75	4.730881	4.748578	4.765991	
		76	4.747555	4.764761	4.781565	
		77	4.763123	4.77981	4.798172	
		78	4.777533	4.79367	4.809481	
		79	4.790733	4.809618	4.821470	
		80	4.802073	4.816118	4.832174	
		81	4.8123	4.827603	4.841494	
		82	4.822563	4.835193	4.849388	
		83	4.830411	4.843338	4.855888	
		84	4.836792	4.849197	4.861372	

85 4.841906 4.854067 4.860325
86 4.8448731 4.85593 4.871172
87 4.851833 4.862749 4.877015
88 4.855331 4.866573 4.880674
89 4.861144 4.873423 4.885768
90 4.865981 4.878318 4.890717
91 4.870894 4.883219 4.895674
92 4.87587 4.888321 4.900658
93 4.88084 4.893458 4.905680
94 4.8858122 4.898735 4.911454
95 4.891435 4.904152 4.916887
96 4.896925 4.909014 4.92265
97 4.902317 4.914367 4.928453
98 4.907771 4.919428 4.934274
99 4.913008 4.924049 4.940102
100 4.918102 4.929330 4.945928
101 4.92380 4.934244 4.951773
102 4.92954 4.939106 4.957697
103 4.935350 4.944841 4.963673
104 4.941166 4.951473 4.969643
105 4.946983 4.957385 4.975618
106 4.952806 4.963302 4.981543
107 4.958627 4.969290 4.987480
108 4.964454 4.975007 4.993426
109 4.970281 4.980712 4.999372
110 4.976104 4.986439 5.005318
111 4.981927 4.992184 5.011264
112 4.987750 4.998049 5.017210
113 4.993573 5.003799 5.023156
114 4.999396 5.009625 5.029102
115 5.005219 5.015459 5.035048
116 5.011042 5.021709 5.040994
117 5.016865 5.027866 5.046940
118 5.022688 5.033923 5.052886
119 5.028511 5.040079 5.058832
120 5.034334 5.046236 5.064778
121 5.040157 5.052397 5.070724
122 5.045980 5.058554 5.076670
123 5.051803 5.064711 5.082616
124 5.057626 5.070868 5.088562
125 5.063449 5.077026 5.094508
126 5.069272 5.083183 5.100454
127 5.075095 5.089341 5.106400
128 5.080918 5.095499 5.112346
129 5.086741 5.101656 5.118292
130 5.092564 5.107814 5.124238
131 5.098387 5.113971 5.130184
132 5.104210 5.120129 5.136130
133 5.110033 5.126286 5.142076
134 5.115856 5.132444 5.148022
135 5.121679 5.138601 5.153968
136 5.127502 5.144759 5.159914
137 5.133325 5.150916 5.165860
138 5.139148 5.157074 5.171806
139 5.144971 5.163231 5.177752
140 5.150794 5.169389 5.183698
141 5.156617 5.175546 5.189644
142 5.162440 5.181704 5.195590
143 5.168263 5.187862 5.201536
144 5.174086 5.194020 5.207482
145 5.179909 5.200178 5.213428
146 5.185732 5.206336 5.219374
147 5.191555 5.212494 5.225320
148 5.197378 5.218652 5.231266
149 5.203201 5.224810 5.237212
150 5.209024 5.230968 5.243158
151 5.214847 5.237126 5.249104
152 5.220670 5.243284 5.255050
153 5.226493 5.249442 5.260996
154 5.232316 5.255600 5.266942
155 5.238139 5.261758 5.272888
156 5.243962 5.267916 5.278834
157 5.249785 5.274074 5.284780
158 5.255608 5.280232 5.290726
159 5.261431 5.286390 5.296672
160 5.267254 5.292548 5.302618
161 5.273077 5.298706 5.308564
162 5.278900 5.304864 5.314510
163 5.284723 5.311022 5.320456
164 5.290546 5.317180 5.326402
165 5.296369 5.323338 5.332348
166 5.302192 5.329496 5.338294
167 5.308015 5.335654 5.344240
168 5.313838 5.341812 5.350186
169 5.319661 5.347970 5.356132
170 5.325484 5.354128 5.362078
171 5.331307 5.360286 5.368024
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173 5.342953 5.372602 5.379916
174 5.348776 5.378760 5.385862
175 5.354599 5.384918 5.391808
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177 5.366245 5.397234 5.403700
178 5.372068 5.403392 5.409646
179 5.377891 5.409550 5.415592
180 5.383714 5.415708 5.421538
181 5.389537 5.421866 5.427484
182 5.395360 5.428024 5.433430
183 5.401183 5.434182 5.439376
184 5.407006 5.440340 5.445322
185 5.412829 5.446498 5.451268
186 5.418652 5.452656 5.457214
187 5.424475 5.458814 5.463160
188 5.430298 5.464972 5.469106
189 5.436121 5.471130 5.475052
190 5.441944 5.477288 5.481198
191 5.447767 5.483446 5.487324
192 5.453590 5.489604 5.493400
193 5.459413 5.495762 5.499276
194 5.465236 5.501920 5.505352
195 5.471059 5.508078 5.511428
196 5.476882 5.514236 5.517504
197 5.482705 5.520394 5.523580
198 5.488528 5.526552 5.529856
199 5.494351 5.532710 5.536162
200 5.500174 5.538868 5.542468
201 5.505997 5.545026 5.548974
202 5.511820 5.551184 5.555080
203 5.517643 5.557342 5.559986
204 5.523466 5.563500 5.565592
205 5.529289 5.569658 5.571684
206 5.535112 5.575816 5.577770
207 5.540935 5.581974 5.583826
208 5.546758 5.588132 5.589682
209 5.552581 5.594290 5.595138
210 5.558404 5.600448 5.599984
211 5.564227 5.606606 5.605830
212 5.570050 5.612764 5.611676
213 5.575873 5.618922 5.616542
214 5.581696 5.625080 5.622198
215 5.587519 5.631238 5.628316
216 5.593342 5.637396 5.634432
217 5.599165 5.643554 5.640478
218 5.604988 5.649712 5.646504
219 5.610811 5.655870 5.653330
220 5.616634 5.662028 5.659486
221 5.622457 5.668186 5.665642
222 5.628280 5.674344 5.671798
223 5.634103 5.680502 5.677954
224 5.639926 5.686660 5.684110
225 5.645749 5.692818 5.690264

226	4.562081	4.560647	4.510778
227	4.490326	4.500765	4.511319
228	4.490838	4.503851	4.510945
229	4.494022	4.501131	4.508325
230	4.491418	4.498829	4.505927
231	4.489037	4.496352	4.503759
232	4.488083	4.494307	4.501824
233	4.484651	4.492406	4.500116
234	4.483275	4.49091	4.498589
235	4.481769	4.488473	4.497181
236	4.480412	4.48611	4.495844
237	4.479084	4.483607	4.494567
238	4.477817	4.481556	4.493352
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240	4.475168	4.483266	4.491084
241	4.474277	4.482170	4.48999
242	4.473295	4.481058	4.488897
243	4.47221	4.479958	4.487822
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254	4.460119	4.46785	4.475597
255	4.459008	4.466735	4.474477
256	4.457898	4.465617	4.473354
257	4.456782	4.464499	4.472231
258	4.455667	4.463379	4.471106
259	4.454556	4.462257	4.46998
260	4.453443	4.461135	4.468853
261	4.452314	4.460012	4.467725
262	4.451194	4.458888	4.466597
263	4.450074	4.457763	4.465467
264	4.448953	4.456637	4.464337
265	4.447831	4.455511	4.463207
266	4.446709	4.454384	4.462076
267	4.445586	4.453257	4.460944
268	4.444463	4.452129	4.459812
269	4.443339	4.451002	4.45868
270	4.442216	4.449874	4.457549
271	4.441092	4.448746	4.456417
272	4.439969	4.447619	4.455285
273	4.438845	4.446491	4.454154
274	4.437722	4.445364	4.453022
275	4.436599	4.444237	4.451892
276	4.435477	4.443111	4.450762
277	4.434355	4.441986	4.449632
278	4.433234	4.440861	4.448504
279	4.432113	4.439736	4.447376
280	4.430994	4.438613	4.446246
281	4.429875	4.437481	4.445123
282	4.428757	4.436357	4.443996
283	4.427641	4.435225	4.442875
284	4.426526	4.434131	4.441752
285	4.425412	4.433013	4.440632
286	4.424299	4.431898	4.439512
287	4.423188	4.430783	4.438395
288	4.422076	4.429671	4.437270
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290	4.419865	4.427451	4.435023
291	4.418761	4.426344	4.433903
292	4.417658	4.425239	4.432785
293	4.416556	4.424138	4.43167
294	4.415452	4.423036	4.430556
295	4.414357	4.421936	4.429445
296	4.413274	4.420842	4.428327
297	4.412184	4.419749	4.427232
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301	4.40785	4.415405	4.422877
302	4.406773	4.414326	4.421796
303	4.4057	4.413251	4.420718
304	4.40463	4.412179	4.419644
305	4.403584	4.41111	4.418573
306	4.4025	4.410044	4.417505
307	4.401441	4.408982	4.416441
308	4.400384	4.407924	4.415381
309	4.399332	4.406867	4.414325
310	4.398283	4.405819	4.413273
311	4.397236	4.404773	4.412234
312	4.396188	4.40373	4.4112
313	4.395161	4.402682	4.41024
314	4.394129	4.401638	4.409294
315	4.3931	4.400598	4.408373
316	4.392077	4.399563	4.407446
317	4.391057	4.398532	4.406524
318	4.390042	4.397506	4.405607
319	4.389032	4.396554	4.404694
320	4.388027	4.395546	4.403786
321	4.387027	4.394546	4.402884
322	4.386031	4.39355	4.401986
323	4.385041	4.392569	4.401084
324	4.384057	4.391573	4.399918
325	4.383077	4.390593	4.3988126
326	4.382103	4.389617	4.397716
327	4.381133	4.388647	4.396618
328	4.380189	4.387682	4.395523
329	4.379258	4.386722	4.394453
330	4.378358	4.38577	4.3933
331	4.377311	4.384822	4.392252
332	4.37637	4.383882	4.39112
333	4.375437	4.382946	4.390079
334	4.374511	4.382023	4.389554
335	4.373592	4.381105	4.388636
336	4.372681	4.380194	4.387724
337	4.371776	4.379288	4.386816
338	4.370875	4.378384	4.385911
339	4.369977	4.377484	4.385008
340	4.369061	4.376586	4.384199
341	4.368167	4.375691	4.3833213
342	4.367287	4.37478	4.382328
343	4.366413	4.373872	4.381456
344	4.365547	4.373005	4.380607
345	4.364705	4.372231	4.379782
346	4.363865	4.371421	4.37896
347	4.363049	4.370633	4.378187
348	4.362238	4.369853	4.377414
349	4.361455	4.36908	4.376665
350	4.360756	4.368253	4.375748
351	4.359996	4.367374	4.37484
352	4.359204	4.366443	4.37398
353	4.3585051	4.36546	4.373282
354	4.3577945	4.364447	4.372525
355	4.3570613	4.363352	4.371786
356	4.356303	4.362285	4.371053
357	4.354463	4.362321	4.370316
358	4.354428	4.362073	4.370066
359	4.354109	4.362063	
360	4.354218		

Cash Reinvestment Rate

LIBOR_1M00 * -35

Generated on Oct 3, 2008 at 07:02 for Paul
Roux of Highland Capital Management.
Information provided herein is believed by
INTECH to be accurate, but INTECH cannot
guarantee accuracy. Content is for
informational purposes only and is not an
offer, recommendation or solicitation to
purchase, hold, or sell any security.

Intex Solutions, Inc. • 1 781-449-6222 in
Europe • 44 20 7002 1055 in Japan • 81 3
5117-6370

Invoice No. UG 1090459

Invoice Date: 09/30/2008

Client Number : 041579

Matter Number: 0024

Michael Colvin, Esq.
Galleria Tower II
Highland Capital Management, L.P.
12455 Noel Road - Suite 800
Dallas, TX 75240

Employer Identification
Number 13-2633996

SchulteRoth&Zabel LLP
919 Third Avenue, New York, NY 10022

Re: REPO

FOR PROFESSIONAL SERVICES RENDERED through September 30, 2008,
in connection with Lehman REPO as more fully described on the attached detailed billing report:

Total Fees	\$9,333.50
TOTAL AMOUNT OF THIS INVOICE	<u>\$9,333.50</u>

041579 Highland Capital Management L.P.
0024 REPO
09/30/2008

Invoice No. UG 1090459
Page 2

<u>Date</u>	<u>Timekeeper</u>		<u>Hours</u>
08/05/08	D.M. Hillman	Review bankruptcy issues; telephone conference with Udi Grofman.	0.3
08/14/08	C. Ruiz	Finished revising Chart related to repos.	0.3
08/22/08	C. Ruiz	Finished adding grace periods chart to MRA & GMRA and other definitions; Telephone call from Highland (Jason) re other FTP file of documents.	1.0
09/14/08	L.V. Gelber	T/c's, correspondence re: broker/dealer insolvency issues.	0.8
09/14/08	U. Grofman	Call and prepare for call re LEH	0.3
09/15/08	B. Busineau	Review and analysis of GMRA re event of default process; conference with K. Boggiano re same.	2.5
09/15/08	K. Boggiano	Conference call to discuss agreements and review and analysis of GMRA process; review and revisions to the notice of eod.	4.0
09/15/08	R. Feldman	Lehman-GMRA query; call with client. Lehman query; call with client.	1.0
09/16/08	C. Stein	Tc on repo process.	0.5
09/17/08	B. Busineau	Communications with K. Boggiano and J. Post re GMRA default notice and calculations.	0.3
09/19/08	K. Boggiano	Outline of process of valuation under GMRA; multiple discussions with client regarding mechanics of unwind of gmra.	2.2
09/21/08	M.G. Insalaco	Attention to repo review in respect of Highland Floating Rate Advantage Fund, Highland Floating Rate Fund, Highland Floating Rate LLC, Highland Distressed Opportunities Fund, Inc., Highland Credit Strategies Fund;	1.0
09/22/08	K. Boggiano	Discussions related to gmra; internal discussions; review of agreement for treatment; additional review of default provisions of agreement	1.8
TOTAL HOURS			16.0

TIMEKEEPER TIME SUMMARY:

<u>Timekeeper</u>	<u>Hours</u>		<u>Rate</u>	<u>Value</u>
C. Stein	0.5	at	755.00 =	377.50
L.V. Gelber	0.8	at	695.00 =	556.00
D.M. Hillman	0.3	at	695.00 =	208.50
U. Grofman	0.3	at	695.00 =	208.50

SRZ-10760500.1

041579 Highland Capital Management L.P.
0024 REPO
09/30/2008

Invoice No. UG 1090459
Page 3

<u>Timekeeper</u>	<u>Hours</u>		<u>Rate</u>	<u>Value</u>
K. Boggiano	8.0	at	625.00 =	5,000.00
M.G. Insalaco	1.0	at	510.00 =	510.00
B. Busineau	2.8	at	550.00 =	1,540.00
R. Feldman	1.0	at	595.00 =	595.00
C. Ruiz	1.3	at	260.00 =	338.00
Totals	16.0	at	=	9,333.50

CURRENT FEES \$9,333.50

TOTAL AMOUNT OF THIS INVOICE \$9,333.50

Issuer Name	Asset Name	Holder	Commitment	Global	% Ownership	Gobal Pmt	CDO Pmt	Interest	Date Due
Light 2006-5A B	Floating - 08/2019 - B - 53225	Lehman	9,500,000	34,500,000	27.54%	89,936.59	85,439.76	\$ 85,439.76	8/9/2008
WITEH 2006 - 4A B	Floating - 01/2020 - B - 965241	Lehman	2,000,000	25,000,000	8.00%	88,061.46	17,612.29	17,612.29	7/16/2008
						Total		\$ 103,052.05	

Jason Post

From: Ryan Grateke
Sent: Wednesday, October 01, 2008 3:08 PM
To: Jason Post
Subject: FW: CDO Fund P&I

Here is the one for the \$85k.

From: DelliCarpini, Gianna [mailto:gianna.dellicarpini@lehman.com]
Sent: Monday, August 18, 2008 9:55 AM
To: CouponsMumbai; Ryan Grateke
Cc: REPO SALES SUPPORT
Subject: RE: CDO Fund P&I

Sushil,

I believe the customer accounts are MTS 1759230, 1759260
Thanks
Gianna

From: Tripathi, Sushilkumar **On Behalf Of** CouponsMumbai
Sent: Monday, August 18, 2008 10:44 AM
To: 'Ryan Grateke'; CouponsMumbai
Cc: REPO SALES SUPPORT; DelliCarpini, Gianna
Subject: RE: CDO Fund P&I

Hi,

Can you pls confirm the paydate for the below coupon and the account against which the trade has been settled.

Thanks,
Sushil

From: DelliCarpini, Gianna
Sent: Monday, August 18, 2008 8:07 PM
To: 'Ryan Grateke'; CouponsMumbai
Cc: REPO SALES SUPPORT
Subject: RE: CDO Fund P&I

Coupons Mumbai,

Ryan is looking for payment on the below coupons. Is someone able to assist in confirming?

53225VAE9 - \$85,439.76
Westchester Pref - \$1,299,707.75

Thanks
Gianna

From: Ryan Grateke [mailto:RGrateke@hcmpl.com]
Sent: Monday, August 18, 2008 10:28 AM
To: DelliCarpini, Gianna

Cc: REPO SALES SUPPORT
Subject: RE: CDO Fund P&I

Yes.

From: DelliCarpini, Gianna [mailto:gianna.dellicarpini@lehman.com]
Sent: Monday, August 18, 2008 8:56 AM
To: Ryan Grateke
Cc: REPO SALES SUPPORT
Subject: RE: CDO Fund P&I

Hi Ryan,

Is this for a coupon payment?

Thanks
Gianna

From: Ryan Grateke [mailto:RGrateke@hcmlp.com]
Sent: Monday, August 18, 2008 9:46 AM
To: DelliCarpini, Gianna
Subject: CDO Fund P&I

Hi Gianna - you should have received the following on our behalf. Please send to the following. Thanks.

53225VAE9 - \$85,439.76
Westchester Pref - \$1,299,707.75

The Bank of New York

Attention: Marisela Rodriguez, 713-483-6604
Reference: (Borrower Name, Type of Payment/description)
Email: mariselarodriguez@bankofny.com

Ryan Grateke
Highland Capital Management, LP
13455 Noel Road, Suite 800
Dallas, TX 75240
Office: 972-628-4168
Fax: 972-628-4142
www.hcmlp.com

Highland Capital Management is growing. Check out Careers at www.hcmlp.com.

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Jason Post

From: Chiara, Michael [michael.chiara@lehman.com]
Sent: Thursday, September 11, 2008 9:19 AM
To: Clifford Stoops; Oxana Brown; Ryan Grateke; Paul Roos; Scott Crowell
Cc: DelliCarpini, Gianna
Subject: 9/12 REPO ROLLS
Attachments: CDO Roll 09-12-08.xls

Good Morning

2 trades are set to roll tomorrow.
Details are attached, same HC and spread as last month.
Please let us know if you would like to roll 1m.
Thx
Mike

<<CDO Roll 09-12-08.xls>>

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Cusip	Description	Factor	Par	Start	End	PX	HC	LOAN	BASE SPREAD	REPO RATE
553683AD5	MSPB 2007-1A C	1.00	10,000,000	9/12/2008	10/14/2008	7916	130100	5,572,000.00	2.48	3.75
553683AE3	MSPB 2007-1A D	1.00	8,000,000	9/12/2008	10/14/2008	75	140100	3,600,000.00	2.48	3.75

Jason Post

From: Chiara, Michael [michael.chiara@lehman.com]
Sent: Monday, September 08, 2008 6:21 AM
To: Ryan Grateke; Jenna Bridges; Paul Roos; Scott Crowell
Cc: DelliCarpini, Gianna
Subject: 9-8 rolls
Attachments: CDO Roll 09-08-08.xls

Good Morning

2 repos are set to roll off today.
We can roll at the same spread and HC as last month.
Lightpoint was marked up, Whitehorse was marked down.
Please let us know if you would like to roll as per the attached.
Thanks

<<CDO Roll 09-08-08.xls>>

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Cusip	Par	Start	End	px	hc	loan	base	spread	repo rate	RATING	DEAL
53225VAE9	9,500,000	9/8/2008	10/8/2008	68.9600	40%	3,930,720.00	2.49	1.00	3.49	A	CSFB
96524UAC2	2,000,000	9/8/2008	10/8/2008	64.2000	40%	770,400.00	2.49	1.00	3.49	A	CSFB

Jason Post

From: Chiara, Michael [michael.chiara@lehman.com]
Sent: Tuesday, September 02, 2008 3:42 PM
To: Ryan Grateke; Jenna Bridges; Paul Roos; Scott Crowell
Cc: DelliCarpini, Gianna
Subject: CDO Rolls 09-02-08.xls
Attachments: CDO Rolls 09-02-08.xls

Afternoon

We have 2 repo trades that matured today. Apologies for not sending roll details earlier.

We can roll at the same terms (HC and spread) as last month.

The marks are within 1 pt of last month's marks.

Pls let us know if you would like to roll as per the attached.

Thanks

Mike

<<CDO Rolls 09-02-08.xls>>

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Cusip	Par	Start	End	HC	PRICE	LOAN	BASE	SPREAD	REPO RATE
95736XAG3	9,500,000	9/2/2008	10/2/2008	50%	64.39	3,058,525.00	2.49	1.75	4.24
Cusip	Par	Start	End	HC	PRICE	LOAN	BASE	SPREAD	REPO RATE
553682AA3	4,000,000	9/2/2008	10/2/2008	60%	73.43	1,174,880.00	2.49	1.75	4.24

HTR

Mtge HTR

HISTORICAL TOTAL RETURN					1	1	
LIGHT 2006-5A B SUB,FLT					3.513%	Original Face: 9,500,000.00	
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value		
Start: 8/17/03	Aug	9,500,000.00	99.9999		9,500,000.00		
End: 9/17/08	Aug	9,500,000.00	100.0000	.00	9,534,295.66		
Trade Basis					Reinv to 9/17/08 Same?		
3.636% CBE RETURN							
0.361% holding period return							
Mode: 1 B-Book, T-Trade							
Method: 2 1-CD, 2-CBE							
Date	CMO Balance	Principal	Interest	Total P+I			

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 6900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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553683AD5 Mtge HTR

Mtge HTR

HISTORICAL TOTAL RETURN					
MSPB 2007-1A C MEZ,FLT			4.786%	Original Face:	10,000,000.00
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value
Start:	Jul	10,000,000.00			10,000,000.00
End:	Jul	10,000,000.00		.00	10,077,111.81

Mode: ☒ B-Book, ☐ T-Trade
Method: ☒ 1-CD, ☐ 2-CBE

Trade Basis
5.000% CBE RETURN
0.771% holding period return

Reinv
Reinv to
9/17/08 Same?

Date CMD Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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HTR

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HISTORICAL TOTAL RETURN						1	1
MSPB 2007-1A D MEZ,FLT			6.036%	Original Face:			
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value		
Start:	Jul	8,000,000.00			8,000,000.00		
End:	Jul	8,000,000.00		.00	8,077,800.56		
Trade Basis							
6.319% CBE RETURN							
0.973% holding period return							
Mode: B-Book, T-Trade							
Method: 1-CD, 2-CBE							
						Reinv	
						Reinv to	
						9/17/08	Same?
Date	CFO Balance	Principal	Interest	Total P+I			

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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553682AA3 Mtge HTR

Mtge HTR

HISTORICAL TOTAL RETURN						1	1
MSPB 2007-1A E MEZ,FLT			8.286%	Original Face:			
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value		
Start:	Jul	4,000,000.00			4,000,000.00		
End:	Jul	4,000,000.00		.00	4,053,400.28		

Mode: ☒ B-Book, ☐ T-Trade
Method: ☒ 1-CD, ☐ 2-CBE

Trade Basis
8.710% CBE RETURN
1.335% holding period return

Reinv to ☒ Same?
9/17/08

Date CMD Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
6743-717-1 18-Sep-2008 07:29:58

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HTR

Mtge HTR

HISTORICAL TOTAL RETURN						1	1
WITEH 2006-4A B SUB,FLT						3.535%	Original Face: 2,000,000.00
SUMMARY	Factor	Tranche Bal	Price	P + I + Reinv	Total Value		
Start:	Jul	2,000,000.00			2,000,000.00		
End:	Jul	2,000,000.00		.00	2,011,979.72		

Mode: ☒ B-Book, T-Trade
Method: ☒ 1-CD, 2-CBE

Trade Basis
3.677% CBE RETURN
0.599% holding period return

Reinv to 9/17/08 Same?

Date CFO Balance Principal Interest Total P+I

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
6743-717-0 18-Sep-2008 08:16:07

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TERMINAL

LEHMAN BROTHERS || Fixed Income Financing MTM Statement

TO: HIGH AND GBO OPP MASTER
A/C #: 4759210
C/P NAME: HIGH AND GBO OPP OPPORTUNITY MASTER FUND LP
PHONE:
FAX:
EMAIL: high.and.gbo.collateral@lehigh.com

FROM: LEHMAN BROTHERS INTERNATIONAL (EUROPE)
TRACY AGARD
PHONE: 212 656 2170
FAX: 917 592 0252
EMAIL: cwg@lehman.com

DATE: 09-Sep-2008
COB VALUATION DATE: 08-Sep-2008
REPORTING CCM: USD

POSITIVE NUMBERS = LEHMAN RECEIVABLE
NEGATIVE NUMBERS = LEHMAN PAYABLE

Summary	
Economic Exposure	(91561.695)
Margin/Hedge Amount	9735.189
Margin Exposure	(287.855)
Cash/Debt Collateral	(485.29)
Security Hedge Collateral	0
Portfolio Margin Requirement	0

Detail													
ISIN/CUSIP	Maturity Date	Coupon	Original Face	Estor	Mk Price	On Date	Fin Rate	Fin Int	Coupon Int	Loan	Market Value	Margin Amt	Margin Exposure USD
Deal ID		Description											
553692AA3	7/20/19	8.32	4,000,000	1,000,000	71.5066	6/2/08	4.240	969	(45,284)	1,174,860.00	(2,860,263)	160,000	13,630
9202030	1759230	MSPB 2007-1A E				10/2/08							
96226VAE9	6/5/19	3.61	9,500,000	1,000,000	60.9642	9/8/08	3.490	381	(29,126)	3,930,720.00	(6,551,602)	140,000	(7,277)
9610300	1759230	LIGHT 2006-5A B				10/8/08							
96524UAC2	1/17/20	4.70	2,000,000	1,000,000	64.2000	9/8/08	3.480	75	(13,842)	770,400.00	(1,284,000)	140,000	(8,231)
9610500	1759230	WHITE 2006-4A B				10/8/08							
553692AA3	7/20/19	8.32	10,000,000	1,000,000	79.6000	8/13/08	3.460	1,454	(65,572)	5,735,800.00	(7,960,000)	30,000	(82,746)
9610340	1759230	MSPB 2007-1A G				9/12/08							
553692AA3	7/20/19	6.07	8,000,000	1,000,000	75.1885	8/13/08	3.710	10,336	(66,068)	3,715,200.00	(6,015,882)	140,000	76,367
9610470	1759230	MSPB 2007-1A D				9/12/08							
RR Total			33,500,000					28,647	(219,894)	15,327,000.00	(24,571,647)		(97,273.00)
Grand Total			33,500,000					28,647	(219,894)	15,327,000.00	(24,571,647)		(97,273.00)

Free Collateral										
Type	ISIN/CUSIP	Deal ID	On Date	Off Date	Description	Coupon Maturity Date	Quantity	Price	Market Value (USD)	Margin Value (USD)
VAR	CASH COLL					0.0000	(482,451)		(482,451)	(485,129)
UNITED STATES DOLLARS									(482,451)	(485,129)

P Denotes Free Collateral Fail

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Jason Post

From: Wybolt, Andrew S [andrew.wybolt@lehman.com]
Sent: Tuesday, September 09, 2008 8:36 AM
To: Ryan Grateke; highland.otc.collateral@hedgefundservices.com
Subject: RE: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP MASTER

Yes, I can wire you back 288K.

~~And all of your pending interest~~

841.74 for Aug
838.39 for July
779.82 for June

Please confirm

Andrew Wybolt
LEHMAN BROTHERS | Repo Margin
1301 Avenue of the Americas
New York, NY 10019
* 212.320.7747 F: 646.758.3023
* andrew.wybolt@lehman.com
* repomargin@lehman.com

-----Original Message-----

From: Ryan Grateke [mailto:RGrateke@hcm1p.com]
Sent: Tuesday, September 09, 2008 9:31 AM
To: Wybolt, Andrew S; 'highland.otc.collateral@hedgefundservices.com'
Subject: RE: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO
OPP MASTER

Can we pull back any of this margin? Thanks.

-----Original Message-----

From: andrew.wybolt@lehman.com [mailto:andrew.wybolt@lehman.com]
Sent: Tuesday, September 02, 2008 2:06 PM
To: Jennifer Jurrius; Margin; Morton Wendell; Scott Crowell; Ryan
Grateke; highland.otc.collateral@hedgefundservices.com;
matthew.d.walsh@jpmchase.com
Cc: andrew.wybolt@lehman.com
Subject: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP
MASTER

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<u>Highland CDO Opportunity Master Fund, L.P.</u>			
<u>Date</u>	<u>Collateral Principal Amount</u>	<u>Rate</u>	<u>Daily Interest</u>
9/1/2008	\$ 194,451.00	2.1250%	11.48
9/2/2008	194,451.00	2.1250%	11.48
9/3/2008	194,451.00	2.0625%	11.14
9/4/2008	194,451.00	2.0625%	11.14
9/5/2008	194,451.00	2.0625%	11.14
9/6/2008	194,451.00	2.0625%	11.14
9/7/2008	194,451.00	2.0625%	11.14
9/8/2008	194,451.00	2.0625%	11.14
9/9/2008	194,451.00	2.0625%	11.14
9/10/2008	194,451.00	2.0625%	11.14
9/11/2008	194,451.00	2.0625%	11.14
9/12/2008	194,451.00	2.1250%	11.48
9/13/2008	194,451.00	2.1250%	11.48
9/14/2008	194,451.00	2.1250%	11.48
9/15/2008	194,451.00	3.5000%	18.90
9/16/2008	194,451.00	3.7500%	20.26
9/17/2008	194,451.00	3.0000%	16.20
Total			\$ 213.02

For explanation

Index HP

CLOSE/MID/YIELD

Period 13 Daily

From 8/18/08 To 8/21/08

HI 3.7500 ON 9/16/08
AVE 2.12221
LOW 2.00000 ON 8/21/08

DATE	YIELD	DATE	YIELD	DATE	YIELD
8/16	2.5000	8/19	2.1250	8/20	2.0625
8/17	3.0000	8/21	2.0625	8/22	2.0625
8/18	3.7500	8/22	2.0625	8/23	2.1250
8/19	2.5000	8/23	2.0625	8/24	2.1250
8/20	2.1250	8/24	2.0625	8/25	2.1875
8/21	2.0625	8/25	2.0000	8/26	2.1875
8/22	2.0625	8/26	2.0625	8/27	2.1875
8/23	2.0625	8/27	2.0625	8/28	2.1875
8/24	2.0625	8/28	2.1250	8/29	2.1875
8/25	2.0625	8/29	2.0625	8/30	2.1875
8/26	2.0625	8/30	2.0625	8/31	2.1875
8/27	2.0625	8/31	2.0625	9/1	2.1875
8/28	2.0625	9/1	2.0625	9/2	2.1875
8/29	2.0625	9/2	2.0625	9/3	2.1875
8/30	2.0625	9/3	2.0625	9/4	2.1875
8/31	2.0625	9/4	2.0625	9/5	2.1875
9/1	2.0625	9/5	2.0625	9/6	2.1875
9/2	2.0625	9/6	2.0625	9/7	2.1875
9/3	2.0625	9/7	2.0625	9/8	2.1875
9/4	2.0625	9/8	2.0625	9/9	2.1875
9/5	2.0625	9/9	2.0625	9/10	2.1875
9/6	2.0625	9/10	2.0625	9/11	2.1875
9/7	2.0625	9/11	2.0625	9/12	2.1875
9/8	2.0625	9/12	2.0625	9/13	2.1875
9/9	2.0625	9/13	2.0625	9/14	2.1875
9/10	2.0625	9/14	2.0625	9/15	2.1875
9/11	2.0625	9/15	2.0625	9/16	2.1875
9/12	2.0625	9/16	2.0625	9/17	2.1875
9/13	2.0625	9/17	2.0625	9/18	2.1875
9/14	2.0625	9/18	2.0625	9/19	2.1875
9/15	2.0625	9/19	2.0625	9/20	2.1875
9/16	2.0625	9/20	2.0625	9/21	2.1875
9/17	2.0625	9/21	2.0625	9/22	2.1875
9/18	2.0625	9/22	2.0625	9/23	2.1875
9/19	2.0625	9/23	2.0625	9/24	2.1875
9/20	2.0625	9/24	2.0625	9/25	2.1875
9/21	2.0625	9/25	2.0625	9/26	2.1875
9/22	2.0625	9/26	2.0625	9/27	2.1875
9/23	2.0625	9/27	2.0625	9/28	2.1875
9/24	2.0625	9/28	2.0625	9/29	2.1875
9/25	2.0625	9/29	2.0625	9/30	2.1875
9/26	2.0625	9/30	2.0625	10/1	2.1875
9/27	2.0625	10/1	2.0625	10/2	2.1875
9/28	2.0625	10/2	2.0625	10/3	2.1875
9/29	2.0625	10/3	2.0625	10/4	2.1875
9/30	2.0625	10/4	2.0625	10/5	2.1875
10/1	2.0625	10/5	2.0625	10/6	2.1875
10/2	2.0625	10/6	2.0625	10/7	2.1875
10/3	2.0625	10/7	2.0625	10/8	2.1875
10/4	2.0625	10/8	2.0625	10/9	2.1875
10/5	2.0625	10/9	2.0625	10/10	2.1875
10/6	2.0625	10/10	2.0625	10/11	2.1875
10/7	2.0625	10/11	2.0625	10/12	2.1875
10/8	2.0625	10/12	2.0625	10/13	2.1875
10/9	2.0625	10/13	2.0625	10/14	2.1875
10/10	2.0625	10/14	2.0625	10/15	2.1875
10/11	2.0625	10/15	2.0625	10/16	2.1875
10/12	2.0625	10/16	2.0625	10/17	2.1875
10/13	2.0625	10/17	2.0625	10/18	2.1875
10/14	2.0625	10/18	2.0625	10/19	2.1875
10/15	2.0625	10/19	2.0625	10/20	2.1875
10/16	2.0625	10/20	2.0625	10/21	2.1875
10/17	2.0625	10/21	2.0625	10/22	2.1875
10/18	2.0625	10/22	2.0625	10/23	2.1875
10/19	2.0625	10/23	2.0625	10/24	2.1875
10/20	2.0625	10/24	2.0625	10/25	2.1875
10/21	2.0625	10/25	2.0625	10/26	2.1875
10/22	2.0625	10/26	2.0625	10/27	2.1875
10/23	2.0625	10/27	2.0625	10/28	2.1875
10/24	2.0625	10/28	2.0625	10/29	2.1875
10/25	2.0625	10/29	2.0625	10/30	2.1875
10/26	2.0625	10/30	2.0625	10/31	2.1875
10/27	2.0625	10/31	2.0625	11/1	2.1875
10/28	2.0625	11/1	2.0625	11/2	2.1875
10/29	2.0625	11/2	2.0625	11/3	2.1875
10/30	2.0625	11/3	2.0625	11/4	2.1875
10/31	2.0625	11/4	2.0625	11/5	2.1875
11/1	2.0625	11/5	2.0625	11/6	2.1875
11/2	2.0625	11/6	2.0625	11/7	2.1875
11/3	2.0625	11/7	2.0625	11/8	2.1875
11/4	2.0625	11/8	2.0625	11/9	2.1875
11/5	2.0625	11/9	2.0625	11/10	2.1875
11/6	2.0625	11/10	2.0625	11/11	2.1875
11/7	2.0625	11/11	2.0625	11/12	2.1875
11/8	2.0625	11/12	2.0625	11/13	2.1875
11/9	2.0625	11/13	2.0625	11/14	2.1875
11/10	2.0625	11/14	2.0625	11/15	2.1875
11/11	2.0625	11/15	2.0625	11/16	2.1875
11/12	2.0625	11/16	2.0625	11/17	2.1875
11/13	2.0625	11/17	2.0625	11/18	2.1875
11/14	2.0625	11/18	2.0625	11/19	2.1875
11/15	2.0625	11/19	2.0625	11/20	2.1875
11/16	2.0625	11/20	2.0625	11/21	2.1875
11/17	2.0625	11/21	2.0625	11/22	2.1875
11/18	2.0625	11/22	2.0625	11/23	2.1875
11/19	2.0625	11/23	2.0625	11/24	2.1875
11/20	2.0625	11/24	2.0625	11/25	2.1875
11/21	2.0625	11/25	2.0625	11/26	2.1875
11/22	2.0625	11/26	2.0625	11/27	2.1875
11/23	2.0625	11/27	2.0625	11/28	2.1875
11/24	2.0625	11/28	2.0625	11/29	2.1875
11/25	2.0625	11/29	2.0625	11/30	2.1875
11/26	2.0625	11/30	2.0625	12/1	2.1875
11/27	2.0625	12/1	2.0625	12/2	2.1875
11/28	2.0625	12/2	2.0625	12/3	2.1875
11/29	2.0625	12/3	2.0625	12/4	2.1875
11/30	2.0625	12/4	2.0625	12/5	2.1875
12/1	2.0625	12/5	2.0625	12/6	2.1875
12/2	2.0625	12/6	2.0625	12/7	2.1875
12/3	2.0625	12/7	2.0625	12/8	2.1875
12/4	2.0625	12/8	2.0625	12/9	2.1875
12/5	2.0625	12/9	2.0625	12/10	2.1875
12/6	2.0625	12/10	2.0625	12/11	2.1875
12/7	2.0625	12/11	2.0625	12/12	2.1875
12/8	2.0625	12/12	2.0625	12/13	2.1875
12/9	2.0625	12/13	2.0625	12/14	2.1875
12/10	2.0625	12/14	2.0625	12/15	2.1875
12/11	2.0625	12/15	2.0625	12/16	2.1875
12/12	2.0625	12/16	2.0625	12/17	2.1875
12/13	2.0625	12/17	2.0625	12/18	2.1875
12/14	2.0625	12/18	2.0625	12/19	2.1875
12/15	2.0625	12/19	2.0625	12/20	2.1875
12/16	2.0625	12/20	2.0625	12/21	2.1875
12/17	2.0625	12/21	2.0625	12/22	2.1875
12/18	2.0625	12/22	2.0625	12/23	2.1875
12/19	2.0625	12/23	2.0625	12/24	2.1875
12/20	2.0625	12/24	2.0625	12/25	2.1875
12/21	2.0625	12/25	2.0625	12/26	2.1875
12/22	2.0625	12/26	2.0625	12/27	2.1875
12/23	2.0625	12/27	2.0625	12/28	2.1875
12/24	2.0625	12/28	2.0625	12/29	2.1875
12/25	2.0625	12/29	2.0625	12/30	2.1875
12/26	2.0625	12/30	2.0625	12/31	2.1875
12/27	2.0625	12/31	2.0625	1/1	2.1875
12/28	2.0625	1/1	2.0625	1/2	2.1875
12/29	2.0625	1/2	2.0625	1/3	2.1875
12/30	2.0625	1/3	2.0625	1/4	2.1875
12/31	2.0625	1/4	2.0625	1/5	2.1875
1/1	2.0625	1/5	2.0625	1/6	2.1875
1/2	2.0625	1/6	2.0625	1/7	2.1875
1/3	2.0625	1/7	2.0625	1/8	2.1875
1/4	2.0625	1/8	2.0625	1/9	2.1875
1/5	2.0625	1/9	2.0625	1/10	2.1875
1/6	2.0625	1/10	2.0625	1/11	2.1875
1/7	2.0625	1/11	2.0625	1/12	2.1875
1/8	2.0625	1/12	2.0625	1/13	2.1875
1/9	2.0625	1/13	2.0625	1/14	2.1875
1/10	2.0625	1/14	2.0625	1/15	2.1875
1/11	2.0625	1/15	2.0625	1/16	2.1875
1/12	2.0625	1/16	2.0625	1/17	2.1875
1/13	2.0625	1/17	2.0625	1/18	2.1875
1/14	2.0625	1/18	2.0625	1/19	2.1875
1/15	2.0625	1/19	2.0625	1/20	2.1875
1/16	2.0625	1/20	2.0625	1/21	2.1875
1/17	2.0625	1/21	2.0625	1/22	2.1875
1/18	2.0625	1/22	2.0625	1/23	2.1875
1/19	2.0625	1/23	2.0625	1/24	2.1875
1/20	2.0625	1/24	2.0625	1/25	2.1875
1/21	2.0625	1/25	2.0625	1/26	2.1875
1/22	2.0625	1/26	2.0625	1/27	2.1875
1/23	2.0625	1/27	2.0625	1/28	2.1875
1/24	2.0625	1/28	2.0625	1/29	2.1875
1/25	2.0625	1/29	2.0625	1/30	2.1875
1/26	2.0625	1/30	2.0625	1/31	2.1875
1/27	2.0625	1/31	2.0625	2/1	2.1875
1/28	2.0625	2/1	2.0625	2/2	2.1875
1/29	2.0625	2/2	2.0625	2/3	2.1875

Jason Post

From: Ryan Grateke
Sent: Wednesday, September 17, 2008 8:58 AM
To: Jason Post
Subject: FW: Lehman Support
Attachments: 9/12 REPO ROLLS; 9-8 rolls; CDO Rolls 09-02-08.xls; FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP MASTER; RE: FIN - Interest Accrual Statement for LBIE - HIGHLAND CDO OPP MASTER; Highland CDO Opportunity Master Fund, LP - Cash Flow.xls

From: Ryan Grateke
Sent: Monday, September 15, 2008 3:47 PM
To: Brian Lohrding
Subject: Lehman Support

Here is everything for Lehman. I can confirm Scott's spreadsheet is correct for the face amount, financing mark, and loan amount per support we received from Lehman and his calculations appear correct for the rest of it. I attached the support that we received from Lehman.

Attached support for repos:
"CDO Rolls 9-02-08" - MSPB E (553682AA3)
"9-8 rolls"- Light, WHITEH
"9/12 REPO ROLLS" - MSPB C, MSPB D

Attached support for collateral:
"FIN - Interest Accrual....." (x2)

I attached two emails: 1 has the 8/31 collateral statement which shows the principal balance as \$482,451. The other is from our contact at Lehman confirming he sent us back \$288,000 of principal and all of our interest owed through 8/31. I also attached our BONY cash sheet which shows the \$288,000 and the interest amounts being returned on 9/9.

Collateral balance = \$194,451 + interest from 9/1 onward.

Ryan Grateke
Highland Capital Management, LP
13455 Noel Road, Suite 800
Dallas, TX 75240
Office: 972-628-4168
Fax: 972-628-4142
www.hcmlp.com

LEHMAN BROTHERS

Interest Accrual On Cash Collateral

TO:	HIGHLAND ODD OPTMASTER
	1759230
	RYAN GRATEKE
PHONE:	972-528-4151/972-528-4168
FAX:	
EMAIL:	
FROM:	LEHMAN BROTHERS INTERNATIONAL (EUROPE)
	ANDREW WYBOLT
PHONE:	212-526-1210
FAX:	646-758-3023
EMAIL:	andrew.wybolt@lehman.com
DUE DATE:	09/01/2008

From 08/01/2008 To 08/31/2008 [Inclusive]

Date	CCY	Principal	Interest Calc Amt	Rate	Accrued Int
08/01/2008	USD	482,451.00	-28.68	2.140	-28.68
08/02/2008	USD	482,451.00	-28.68	2.140	-28.68
08/03/2008	USD	482,451.00	-28.01	2.090	-28.01
08/04/2008	USD	482,451.00	-26.67	1.990	-26.67
08/05/2008	USD	482,451.00	-26.00	1.940	-26.00
08/06/2008	USD	482,451.00	-26.00	1.940	-26.00
08/07/2008	USD	482,451.00	-26.00	1.940	-26.00
08/08/2008	USD	482,451.00	-26.00	1.940	-26.00
08/09/2008	USD	482,451.00	-26.00	1.940	-26.00
08/10/2008	USD	482,451.00	-26.67	1.990	-26.67
08/11/2008	USD	482,451.00	-26.67	1.990	-26.67
08/12/2008	USD	482,451.00	-27.07	2.020	-27.07
08/13/2008	USD	482,451.00	-28.14	2.100	-28.14
08/14/2008	USD	482,451.00	-28.81	2.150	-28.81
08/15/2008	USD	482,451.00	-28.81	2.150	-28.81
08/16/2008	USD	482,451.00	-28.81	2.150	-28.81
08/17/2008	USD	482,451.00	-28.14	2.100	-28.14
08/18/2008	USD	482,451.00	-26.27	1.960	-26.27
08/19/2008	USD	482,451.00	-25.60	1.910	-25.60
08/20/2008	USD	482,451.00	-26.67	1.990	-26.67
08/21/2008	USD	482,451.00	-26.94	2.010	-26.94
08/22/2008	USD	482,451.00	-26.94	2.010	-26.94
08/23/2008	USD	482,451.00	-26.94	2.010	-26.94
08/24/2008	USD	482,451.00	-26.80	2.000	-26.80
08/25/2008	USD	482,451.00	-27.20	2.030	-27.20
08/26/2008	USD	482,451.00	-26.94	2.010	-26.94
08/27/2008	USD	482,451.00	-27.20	2.030	-27.20
08/28/2008	USD	482,451.00	-26.80	2.000	-26.80
08/29/2008	USD	482,451.00	-26.80	2.000	-26.80
08/30/2008	USD	482,451.00	-26.80	2.000	-26.80
08/31/2008	USD	482,451.00	-26.80	2.000	-26.80

Total Interest Due: 3417.4

Lehman will pay to the following Settlement Instructions:

Intermediary	Institution	Beneficiary	Special
	FW021000018	211551	/BNF/771898

ANNEX 1

**Supplemental Terms or Conditions
To the TBMA/ISMA Master Repurchase Agreement**

Dated as of May 31, 2007

Between

LEHMAN BROTHERS INTERNATIONAL (EUROPE) ("Party A")
a company incorporated with unlimited liability under the laws of England and Wales

and

Highland CDO Opportunity Master Fund LP ("Party B")
a limited partnership organized under the laws of the State of Delaware

Paragraph references are to paragraphs in the Agreement.

1. The following elections shall apply

(a) paragraph 1(c)(i). Buy/Sell Back Transactions may be effected under this Agreement, and accordingly the Buy/Sell Back Annex shall apply.

(b) paragraph 1(c)(ii). Transactions in Net Paying Securities may be effected under this Agreement, and accordingly the provisions of sub paragraphs (i) and (ii) below shall apply.

(i) The phrase "other than equities and Net Paying Securities" in paragraph 1(a) shall be replaced by the phrase "other than equities".

(ii) In the Buy/Sell Back Annex the following words shall be added to the end of the definition of the expression "IR": "and for the avoidance of doubt the reference to the amount of income for these purposes shall be to an amount paid without withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such income made in certain circumstances may be subject to such a withholding or deduction".

(c) paragraph 1(d). Agency Transactions may not be effected under this Agreement, and accordingly the Agency Annex shall not apply.

In addition, the following Annexes shall also apply with respect to relevant Transactions:

- Equities Annex
- Italian Annex
- Gilts Annex
- Japanese Securities Annex
- U.S. Securities Addendum

(d) paragraph 2(a). The Base Currency shall be:

- (i) for the purposes of paragraph 4, United States Dollars.
- (ii) for the purposes of paragraph 10, where the Defaulting Party is Party B, United States Dollars and, where the Defaulting Party is Party A, United States Dollars.

(e) paragraph 2(p). List Buyer's and Seller's Designated Offices.

Party A: London and Frankfurt.

Party B: Delaware

- (f) paragraph 2(cc): The pricing source for calculation of Market Value shall be: Market Value will be calculated in accordance with market practice prevailing in the principal market for the relevant securities as reasonably determined by Party A or as otherwise agreed in writing by the parties.
- (g) paragraph 2(er): Spot rate to be: as specified in paragraph 2(ir).
- (h) paragraph 3(h): both Seller and Buyer to deliver Confirmation.
- (i) paragraph 4(f):
- (i) Interest rate on Cash Margin to be Fed Funds Open for USD (available on Telerate page 5), EONIA for Euro (available on Bloomberg page EBF) and SONIA for GBP (available on Bloomberg page BBAM).
- (ii) Interest to be payable upon redelivery of any Cash Margin.
- (j) paragraph 4(e): Delivery period for margin calls to be:
- (i) For Cash Margin, Margin Securities or Equivalent Margin Securities the same day if the request is made by 10 a.m. (New York time) on a Business Day and, if requested after such time, on the next Business Day.
- (k) paragraph 6(i): Paragraph 6(i) shall apply, and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(i) shall be those set out in sub-paragraphs (i) and (ii) through (v) of paragraph 10(a) of this Agreement.
- (l) paragraph 10(a)(ii): Paragraph 10(a)(ii) shall not apply.
- (m) paragraph 14: For the purposes of paragraph 14 of this Agreement
- (i) Address for notices and other communications for Party A
- (a) Address: **Lehman Brothers International (Europe) – Head Office**
25 Bank Street, London E14 5LE
Attention:
For trading issues: Trading Manager, Central Funding Desk
Telephone: 44 (20) 7260 2333
e-mail: cfueurope@exelion.lehman.com
- For confirmation issues: Trade Support / Operations
Telephone: 44 (20) 7102 3002/2971
Facsimile: 44 (20) 7102 3022/2518
e-mail: tidfinancho@exelion.lehman.com
- For margin issues: Global Margin Europe
Telephone: 44 (20) 7011 7290
Facsimile: 44 (20) 7260 1324
e-mail: repofutmargin@exelion.lehman.com
- For documentation issues: Transaction Management (London)
Telephone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
e-mail: vsfiarp@lehman.com; gtarry@lehman.com
- (b) Address: **Lehman Brothers International (Europe) – Frankfurt Branch**
Rathenauplatz 1, D-60313 Frankfurt am Main, Germany
Attention:

For trading issues: Trading Manager, Central Funding Desk
Telephone: 44 (20) 7260 2333
e-mail: cfueurope@exeulon.lehman.com

For confirmation issues: Trade Support / Operations
Telephone: 44 (20) 7120 3002/2971
Facsimile: 44 (20) 7120 3022/2518
e-mail: tdfinancing@exeulon.lehman.com

For margin issues: Global Margin Europe (London)
Telephone: 44 (20) 7011 7290
Facsimile: 44 (20) 7260 1324
e-mail: repofutmargin@exeulon.lehman.com

For documentation issues: Transaction Management (London)
Telephone: 44 (20) 7102 1730
Facsimile: 44 (20) 7102 2044
e-mail: pysharp@lehman.com; giarry@lehman.com

(ii) Address for notices and other communications for Party B

Address: c/o Highland Capital Management, L.P.
13445 Noel Road
Two Galleria Tower, Suite 1300
Dallas, TX 75241
Attention: Philip Braner

Telephone: 972-628-4100

Facsimile: 972-628-4147

E-mail: P.Braner@hcmllp.com

paragraph 17. For the purposes of paragraph 17 of this Agreement

(iii) Party A is not required to appoint an agent for service of process.

(iv) Party B appoints as its agent for service of process: Highland Capital Management Europe Ltd., 130 Jermyn Street, London SW1Y 4BP

2. The following supplemental terms and conditions shall apply.

(a) Existing Transactions. All Repurchase Transactions and Buy/Sell Back Transactions entered into by the parties prior to the date of this Agreement which are outstanding at the date of the Agreement, shall be deemed to be entered into pursuant to this Agreement and shall be governed by the terms of this Agreement.

(b) Forward Transactions. The parties agree that Forward Transactions (as defined in sub paragraph (i)(A) below) may be effected under this Agreement, and accordingly the provisions of sub paragraphs (i) to (iv) below shall apply.

(i) The following definitions shall apply

(A) "Forward Transaction", a Transaction in respect of which the Purchase Date is at least three Business Days after the date on which the Transaction was entered into and has not yet occurred;

Jason Post

From: Jason Post
Sent: Monday, September 22, 2008 12:24 PM
To: Jason Post
Subject: FW: Billings on Lehman GMRA

Per discussion with Brian Albert, \$2,100 split down the middle between Highland CDO Opportunity Master Fund, L.P and Highland Financial Corporation.

From: Brian Albert [mailto:brian.albert@gmail.com]
Sent: Monday, September 22, 2008 12:04 PM
To: Jason Post
Subject: Billings on Lehman GMRA

There are about \$2100 in billings attributable to the Lehman GMRA. Let me know if you need additional back up on this.

Brian

--

Brian G. Albert, Esq.
Phone: 323-384-3631
brian.albert@gmail.com

Submission Confirmation

Thank you for completing your submission.

Your submission details are shown below along with your confirmation number. Please print off a copy of this page or note d your confirmation number for future reference.

[Print Confirmation](#) [Exit System](#)

Confirmation Date: 12/11/2008 17:16:56
Confirmation Reference: A11933DE-2F50-4922-A58A-7942FF21AAAC

Primary Contact Details

Regulatory Role Reference	V61457025	Building Number/Name	Galleria Tower II - Nexbank
Contact Title	Mr.	Street	13455 Noel Rd, Suite 800
Contact First Name	Jason	Town/City	Dallas
Contact Surname	Post	County/State	TX
Telephone Number	1-972-419-4459	Post Code/ZIP	75240
Position/Authority	Finance	Country	United States of America
Email Address	jpost@hcmlp.com		

Securities Financing

Repo/Reverse Repo Agreements			USD
Date of Agreement (DD MMM YYYY)	Type of Agreement	Is it closed out?	Amount due (from)/to LBI
31 May 2007	GMRA	<input checked="" type="checkbox"/>	-10,026,061
		<input type="checkbox"/>	0
		<input type="checkbox"/>	0

Stock Borrow/Lending Agreements			USD
Date of Agreement (DD MMM YYYY)	Type of Agreement	Is it closed out?	Amount due (from)/to LBI
		<input type="checkbox"/>	0
		<input type="checkbox"/>	0
		<input type="checkbox"/>	0

		USD
Total claim due (from)/to LBIE		-10,026,061

Please enter any additional comments/information:

Above figure due from Lehman will continue to accrue for interest and additional expenses incurred (Legal fees, etc)

OTC Derivatives

ISDA Master Agreements

USD

Date of Agreement (DD MMM YYYY)

Is it closed out?

Amount due (from)/to LBIE

☐

0

☐

0

☐

0

Long Form Confirmations

USD

Number of Confirmations

Are they closed out?

Amount due (from)/to LBIE

0

☐

0

Total claim due (from)/to LBIE

USD

0

Please enter any additional comments/information:

Prime Broker

Cash Balances

USD

Cash due (from) LBIE (other than client money)

0

Loans payable to LBIE

0

Net cash

0

Securities

USD

Long security close out value (including rehypothecated assets)

0

Short security close out value (borrowed securities)

0

Net security close out value

0

CFD

USD

Long CFD close out value

0

Short CFD close out value

0

Net CFD close out value

0

Total claim due (from)/to LBIE

USD

0

Comments

Unsettled DVP/RVP Transactions

DVP

USD

Value of securities due (from) LBIE

0

Cash due to LBIE

0

Net due (from)/to LBIE	0
------------------------	---

RVP	USD
Cash due (from) LBIE	0
Value of securities due to LBIE	0
Net due (from)/to LBIE	0

	USD
Total claim due (from)/to LBIE	0

Comments

--

Exposures on Exchange Traded Derivatives Across all Accounts

Closed Out / Known Claims	USD
Net liquidating value excluding collateral due (from) LBIE (client accounts which are not subject to FSA client money protection/segregation)	0
Collateral value due to LBIE	0

	USD
Total claim due (from)/to LBIE	0

Comments

--

Other Balances

Description	USD
No Other Balances exist	

haynesboone

September 17, 2009

VIA FEDERAL EXPRESS

Epiq Bankruptcy Solutions, LLC
Attn: Lehman Brothers Holdings Claims Processing
757 Third Avenue, 3rd Floor
New York, NY 10017

Re: Lehman Brothers Holdings Inc.
Case No. 08-13555

Dear Sir or Madam:

Enclosed for filing in the above-referenced case please find the original and one (1) copy of the following proofs of claim:

1. Highland CDO Opportunity Master Fund, L.P in the amount of \$10,026,061.00;
2. Highland Crusader Offshore Partners, L.P. in the amount of \$17,306,000.00;
3. Highland Credit Strategies Master Fund, L.P. in the amount of \$12,132,200.00;
4. Highland Financial Corporation in the amount of \$3,649,330.0;
5. Highland Credit Strategies Fund in the amount of \$1,198,045.38; and
6. Highland Credit Strategies Fund in the amount of \$832,109.39.

Please return a file-stamped copy of each to our office in the enclosed Federal Express envelope.

Sincerely,



Dian Gwinnup
Paralegal
Direct Phone Number: (214) 651-5930
Direct Fax Number: (214) 200-0507
dian.gwinnup@haynesboone.com

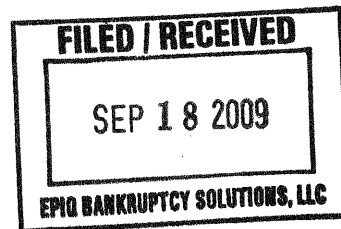


EXHIBIT “A”